

Mundt bill (H. R. 7971); to the Committee on Rivers and Harbors.

6494. By Mr. SCHIFFLER: Petition of the Ohio County Medical Society, Wheeling, W. Va., urging the establishment of a National Department of Health; to the Committee on Interstate and Foreign Commerce.

6495. By Mr. SPRINGER: Motion of the eighth district of the Indiana Farm Bureau, that Congress give earnest consideration to measures pertaining to parity of income to the American farmer; to the Committee on Agriculture.

6496. Also, resolution of the United Cutlery Workers Local Union, No. 354, Muncie, Ind., requesting that Congress exclude by legislation the importation of refined sugar made by unorganized labor; to the Committee on Ways and Means.

SENATE

THURSDAY, FEBRUARY 15, 1940

The Chaplain, Rev. Zebarny T. Phillips, D. D., offered the following prayer:

O Eternal God, who dost measure out our lives in these hasting days, whose every dawning reveals what we have long since known, and in whose light we see again the faces of those we have long since loved: Teach us the secret of finding something new in the familiar relationships of life, that we may welcome each day as a fresh beginning, and fill it with the happiness born of the consciousness of work well done in Thy name and in the service of our beloved country.

Forbid that we should stand unchanged through any stubborn pride. Give us instead the nobler courage to confess our foolish ways. Grant that we may find even in the day's routine the possibility of doing old tasks with new-born joy, of working with old friends with ever-increasing gladness, that each adventure made under Thy direction may be a step in the stairway of the years leading up to that height where love refuses to be bound by time, where faith transcends each changing circumstance, and hope sees always a new dawn beyond the darkest night. In our Saviour's name we ask it. Amen.

THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day, Tuesday, February 13, 1940, was dispensed with, and the Journal was approved.

MESSAGES FROM THE PRESIDENT—APPROVAL OF A BILL

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries, who also announced that on February 13, 1940, the President had approved and signed the act (S. 2624) to amend the act of August 24, 1912 (37 Stat. 460), as amended, with regard to the limitation of cost upon the construction of buildings in national parks.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its reading clerks, announced that the House had passed a joint resolution (H. J. Res. 456) making available for the fiscal year 1940 an additional amount from the special funds heretofore set up for the payment of compensation benefits authorized by certain Emergency Relief Appropriation Acts, in which it requested the concurrence of the Senate.

CALL OF THE ROLL

Mr. MINTON. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Bilbo	Capper	Danaher
Andrews	Brown	Chandler	Davis
Ashurst	Bulow	Chavez	Donahay
Bankhead	Burke	Clark, Idaho	Frazier
Barbour	Byrd	Clark, Mo.	George
Barkley	Byrnes	Connally	Gerry

Gibson	King	Nye
Gillette	La Follette	O'Mahoney
Glass	Lee	Pepper
Green	Lodge	Pittman
Guffey	Lucas	Radcliffe
Gurney	Lundeen	Reed
Hale	McCarran	Reynolds
Harrison	McKellar	Russell
Hatch	McNary	Schwartz
Hayden	Maloney	Schwellenbach
Herring	Mead	Sheppard
Hill	Miller	Shipstead
Holt	Minton	Smathers
Hughes	Murray	Smith
Johnson, Calif.	Neely	Stewart
Johnson, Colo.	Norris	Taft

Thomas, Idaho
Thomas, Okla.
Thomas, Utah
Tobey
Townsend
Tydings
Vandenberg
Van Nuys
Wagner
Walsh
Wheeler
White
Wiley

Mr. MINTON. I announce that the Senator from North Carolina [Mr. BAILEY], the Senator from Washington [Mr. BONE], the Senator from Arkansas [Mrs. CARAWAY], the Senator from Missouri [Mr. TRUMAN], and the Senator from California [Mr. DOWNEY] are absent from the Senate because of illness.

The Senator from Illinois [Mr. SLATTERY] and the Senators from Louisiana [Mr. ELLENDER and Mr. OVERTON] are detained on important public business.

Mr. McNARY. My colleague [Mr. HOLMAN] and the Senator from Vermont [Mr. AUSTIN] are absent because of illness.

The Senator from New Hampshire [Mr. BRIDGES] is unavoidably absent.

The VICE PRESIDENT. Eighty-five Senators having answered to their names, a quorum is present.

MESSAGES OF CONDOLENCE RECEIVED BY THE STATE DEPARTMENT ON DEATH OF SENATOR BORAH

Mr. PITTMAN. Mr. President, I have in my possession a letter from the Secretary of State conveying to me various messages of condolence received from the governments of other countries on the occasion of the death of the late Senator WILLIAM E. BORAH. I ask leave to have these messages published in the CONGRESSIONAL RECORD.

The VICE PRESIDENT. Without objection, it is so ordered.

The communications are as follows:

MESSAGES OF CONDOLENCE RECEIVED BY THE DEPARTMENT OF STATE UPON THE DEATH OF SENATOR WILLIAM E. BORAH, OF IDAHO

His Excellency Dr. Hu Shih, the Chinese Ambassador.
His Excellency Señor Dr. Pedro Martínez Fraga, the Ambassador of Cuba.
The Honorable Señor Dr. Don Hector David Castro, the Minister of El Salvador.
The Honorable Señor Dr. Don Julian R. Cáceres, the Minister of Honduras.
The Honorable John Pelényi, the Minister of Hungary.
The Honorable Dr. Alfred Bilmanis, the Minister of Latvia.
The Honorable Señor Dr. Don León De Bayle, the Minister of Nicaragua.
The Honorable W. Boström, the Minister of Sweden.
His Excellency Dr. E. Gil Borges, the Minister of Foreign Relations of Venezuela.
His Excellency Constantine A. Oumansky, the Ambassador of the Union of Soviet Socialist Republics.
His Excellency Señor Dr. Don Diógenes Escalante, the Ambassador of Venezuela.

CHINESE EMBASSY,

Washington, January 20, 1940.

Hon. CORDELL HULL,
Secretary of State.

MY DEAR MR. SECRETARY: The Chinese Government is deeply grieved to hear of the death of Senator WILLIAM E. BORAH. The demise of a statesman of his caliber is, indeed, an irreparable loss not only to the United States but also to the world. The Chinese people especially mourn the loss of a friend who played an important part both during the Washington conference and during the early stages of the Sino-Japanese conflict.

On behalf of my Government, I have the honor to extend to you our deep sympathy and heartfelt condolences.

I am, my dear Mr. Secretary,
Very sincerely yours,

HU SHIH.

DEPARTMENT OF STATE,
Washington, January 27, 1940.

His Excellency Dr. Hu SHIH,
Chinese Ambassador.

MY DEAR MR. AMBASSADOR: I have received Your Excellency's note of January 20, 1940, offering the sincere condolences of your Government on the death of the Honorable WILLIAM E. BORAH, late Senator from the State of Idaho.

Please be assured that my Government deeply appreciates your kind expression of sympathy.

I am, my dear Mr. Ambassador,
Sincerely yours,

CORDELL HULL.

DEPARTMENT OF STATE,
Washington, January 26, 1940.

His Excellency Señor Dr. PEDRO MARTÍNEZ FRAGA,

Ambassador of Cuba.

EXCELLENCY: I have received Your Excellency's note of January 20, 1940, expressing deepest sympathy in the name of the Government of Cuba and in your own name on the untimely death of the Honorable WILLIAM E. BORAH, late Senator from Idaho.

Please be assured that my Government greatly appreciates these expressions of sympathy.

Accept, Excellency, the renewed assurances of my highest consideration.

For the Secretary of State:

GEORGE S. MESSERSMITH.

EMBAJADA DE CUBA,
Washington, D. C., January 20, 1940.

His Excellency Mr. CORDELL HULL,
Secretary of State, Washington.

EXCELLENCY: Permit me to express in the name of the Government of Cuba, and in my own, sincere and deepest sympathy in the untimely passing of the outstanding statesman of this great Republic, Senator WILLIAM E. BORAH.

Accept, Excellency, the assurances of my highest and most distinguished consideration.

For the Ambassador:

JOSÉ T. BARÓN,
Minister Counselor.

[Translation]

LEGATION OF EL SALVADOR,
Washington, January 20, 1940.

His Excellency Mr. CORDELL HULL,
Secretary of State, Washington, D. C.

MR. SECRETARY: On behalf of my Government, I beg to express to Your Excellency its most sincere participation in the grief which is felt by the people and Government of the United States of America at the loss of one of your most eminent citizens, the Honorable Senator WILLIAM EDGAR BORAH.

The long and conspicuous career of this high official carried his prestige beyond the frontiers of the United States of America; in El Salvador his name has been known for many years, and high esteem was felt for his work, particularly with respect to the branch of Foreign Relations, to which he devoted a very great part of his efforts, showing special zeal in learning thoroughly the problems of the American Republics in order thus to be able to give efficacious help in the solving of international questions which might arise between them. Accordingly, to the distressing loss of a very valuable servant of the United States of America, is added that of a deep student and an acute observer of inter-American relations.

In transmitting to Your Excellency the expressions of my Government's very heartfelt condolences on this occasion, sad for the United States of America, I beg to add that of my own grief at the deplorable passing of the illustrious Senator WILLIAM EDGAR BORAH.

I beg Your Excellency to accept the assurances (etc.)

HECTOR DAVID CASTRO.

DEPARTMENT OF STATE,
Washington, January 30, 1940.

The Honorable Señor Dr. DON HECTOR DAVID CASTRO,

Minister of El Salvador.

EXCELLENCY: I have received with deep appreciation your kind note of January 20, 1940, expressing the sincere sympathy of your government, as well as your own, upon the loss suffered in the death of the Honorable WILLIAM E. BORAH, late Senator from the State of Idaho.

Accept, sir, the renewed assurances of my highest consideration.

For the Secretary of State:

GEORGE S. MESSERSMITH.

[Translation]

LEGATION OF HONDURAS,
Washington, D. C., January 22, 1940.

The Minister of Honduras presents his respects to His Excellency the Secretary of State and hastens to offer, in his own name and in that of his government, the expression of most sincere condolence at the death of the Honorable Senator WILLIAM E. BORAH, whose funeral he attended.

DEPARTMENT OF STATE,
Washington, January 29, 1940.

The Secretary of State presents his compliments to the Honorable the Minister of Honduras and has the honor to acknowledge the receipt of his note of January 22, 1940, conveying the sincere con-

dolences of the Government of Honduras, as well as his own, on the death of the Honorable WILLIAM E. BORAH, late Senator from the State of Idaho.

The kind message which the Minister has conveyed on behalf of his government and himself is deeply appreciated.

ROYAL HUNGARIAN LEGATION,
Washington, D. C., January 20, 1940.

The Honorable CORDELL HULL,
Secretary of State, Washington, D. C.

SIR: I have the honor to convey through you to the Government of the United States an expression of deepest sympathy and profound regret, on behalf of the Royal Hungarian Government as well as myself, at the great loss which it has been called upon to sustain in the death of the Honorable WILLIAM E. BORAH, late United States Senator from Idaho.

Accept, sir, the renewed assurances of my highest consideration.

JOHN PELÉNYI.

DEPARTMENT OF STATE,
Washington, January 29, 1940.

The Honorable JOHN PELÉNYI,
Minister of Hungary.

SIR: I have the honor to acknowledge the receipt of your note of January 20, 1940, offering the sincere condolences of the Royal Hungarian Government, as well as your own, on the death of the Honorable WILLIAM E. BORAH, late Senator from the State of Idaho. I wish to convey the thanks of my Government and my own appreciation for this expression of sympathy.

Accept, sir, the renewed assurances of my highest consideration.

For the Secretary of State:

GEORGE S. MESSERSMITH.

LATVIAN LEGATION,
Washington, D. C., January 22, 1940.

The Honorable CORDELL HULL,
Secretary of State, Washington.

SIR: Kindly accept my deepest sympathy in connection with the death of the great statesman and legislator, Senator WILLIAM E. BORAH. This great American was well known in my country as a promoter of international peace, and his death will be felt as a great loss not only by the United States but by all peace-loving countries of the world.

Accept, sir, the renewed assurances of my highest consideration.

Dr. ALFRED BILMANIS, Latvian Minister.

DEPARTMENT OF STATE,
Washington, January 30, 1940.

The Honorable Dr. ALFRED BILMANIS,
Minister of Latvia.

SIR: I have received with deep appreciation your note of January 22, 1940, expressing your sincere condolences upon the death of the Honorable WILLIAM E. BORAH, late Senator from the State of Idaho.

Accept, sir, the renewed assurances of my highest consideration.

For the Secretary of State:

GEORGE S. MESSERSMITH.

LEGACION DE NICARAGUA,
Washington, D. C., January 22, 1940.

The Secretary of State presents his compliments to His Excellency the Secretary of State and, on behalf of his Government and personally, has the honor to express sincere condolences on the death of the eminent statesman and Senator, the Honorable WILLIAM EDGAR BORAH. The loss of the distinguished services of Mr. BORAH to his country is profoundly to be regretted.

Unfortunately, as the Minister was out of town he was unable to attend the funeral services on January 22.

DEPARTMENT OF STATE,
Washington, January 27, 1940.

The Secretary of State presents his compliments to the honorable the Minister of Nicaragua, and has the honor to acknowledge the receipt of his note of January 22, 1940, conveying the sincere condolences of the Government of Nicaragua, as well as his own, on the great loss sustained through the death of the Honorable WILLIAM E. BORAH, late Senator from the State of Idaho.

The kind message which the Minister has conveyed on behalf of his Government and himself is deeply appreciated.

LEGATION OF SWEDEN,
Washington, D. C., January 20, 1940.

The Honorable CORDELL HULL,
Secretary of State.

SIR: On account of the death of the Senator from Idaho, the Honorable WILLIAM E. BORAH. I have the honor to convey to the Government of the United States the sincere condolences of my Government in the great loss suffered by the entire Nation.

In adding my personal expression of deep sympathy, I have the honor to remain, sir,

Your most obedient servant,

W. BOSTRÖM.

DEPARTMENT OF STATE,
Washington, January 26, 1940.

The Honorable W. BOSTRÖM,
Minister of Sweden.

SIR: I have the honor to acknowledge the receipt of your note of January 20, 1940, in which you were so good as to convey the sincere condolences of your Government, as well as your own, on the death of the Honorable WILLIAM E. BORAH, late Senator from the State of Idaho.

Please be assured that my Government deeply appreciates these expressions of sympathy.

Accept, sir, the renewed assurances of my highest consideration.
For the Secretary of State:

GEORGE S. MESSERSMITH.

[Translation]

CARACAS, January 20, 1940.

His Excellency CORDELL HULL,
Secretary of State, Washington.

The Government of Venezuela shares the sorrow of the United States of America at the death of the illustrious statesman WILLIAM E. BORAH.

E. GIL BORGES,
Minister of Foreign Affairs.

DEPARTMENT OF STATE,
Washington, January 24, 1940.

His Excellency Dr. E. GIL BORGES,
Minister of Foreign Relations of Venezuela, Caracas:

I sincerely appreciate the message of condolence Your Excellency has sent me in the name of the Venezuelan Government on the death of Senator BORAH.

CORDELL HULL,
Secretary of State.

JANUARY 20, 1940.

The Honorable CORDELL HULL,
Secretary of State, Washington, D. C.

MY DEAR MR. SECRETARY: I was deeply distressed to learn of the passing of Senator BORAH. His death is a sad loss to the Nation to which he devoted his great energies through so many years. His devotion to the cause of peace and his contributions to a better understanding among nations are widely known in my country.

I should appreciate your conveying my expression of deep sympathy to the Senate of the United States and to Mrs. Borah.

I am, my dear Mr. Secretary,
Sincerely yours,

CONSTANTINE OUMANSKY.

DEPARTMENT OF STATE,
Washington, January 29, 1940.

His Excellency CONSTANTINE A. OUMANSKY,
Ambassador of the Union of Soviet Socialist Republics.

MY DEAR MR. AMBASSADOR: I acknowledge with deep appreciation your kind note of January 20, 1940, expressing your sincere sympathy on the death of the Honorable WILLIAM E. BORAH, late Senator from the State of Idaho.

In compliance with your request, the expression of your deep sympathy will be conveyed to the United States Senate and to Mrs. Borah.

I am, my dear Mr. Ambassador,
Sincerely yours,

CORDELL HULL.

EMBAJADA DE VENEZUELA,
Washington, January 20, 1940.

His Excellency the SECRETARY OF STATE OF THE UNITED STATES OF AMERICA,
Washington, D. C.

SIR: It is with deep regret that I have learned today of the death of the Honorable WILLIAM E. BORAH, dean of the United States Senate, whose demise deprives your country of one of its outstanding political figures.

I have the honor to express to Your Excellency my most sincere sympathy in this deplorable occasion.

I avail myself of this opportunity to renew to Your Excellency the assurance of my highest consideration.

DIÓGENES ESCALANTE.

DEPARTMENT OF STATE,
Washington, January 26, 1940.

His Excellency Señor Don DIÓGENES ESCALANTE,
Ambassador of Venezuela.

EXCELLENCY: I have the honor to acknowledge the receipt of your note of January 20, 1940, expressing your deep regret in the great loss sustained through the death of the Honorable WILLIAM E. BORAH, late a Senator from the State of Idaho.

The kind condolences conveyed in your note are deeply appreciated.

Accept, Excellency, the renewed assurances of my highest consideration.

For the Secretary of State:

GEORGE S. MESSERSMITH.

HOUSE JOINT RESOLUTION REFERRED

The joint resolution (H. J. Res. 456) making available for the fiscal year 1940 an additional amount from the special funds heretofore set up for the payment of compensation benefits authorized by certain Emergency Relief Appropriation acts, was read twice by its title and referred to the Committee on Appropriations.

SPECIAL COMMITTEE ON INVESTIGATION OF CAMPAIGN EXPENDITURES, 1940

The VICE PRESIDENT appointed the Senator from Iowa [Mr. GILLETTE], the Senator from Arkansas [Mr. MILLER], the Senator from Alabama [Mr. HILL], the Senator from Kansas [Mr. REED], and the Senator from New Hampshire [Mr. TOBEY] members of the Special Committee on Investigation of Campaign Expenditures of Presidential, Vice Presidential, and Senatorial Candidates in 1940, authorized by Senate Resolution 212, agreed to on the 9th instant.

STRATEGIC AND CRITICAL MATERIALS

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, submitting and recommending the adoption of a proposed provision pertaining to an item for the Treasury Department in the Budget for the fiscal year 1941, as follows: "To the text of the item 'Strategic and critical materials, Procurement Division, act of June 7, 1939,' appearing on page 750 of the Budget, insert the following phrase immediately following the amount of the estimate, \$15,000,000: 'to be immediately available'", which was referred to the Committee on Appropriations and ordered to be printed.

FINANCIAL AND OTHER DATA PERTAINING TO SUNDRY GOVERNMENTAL AGENCIES AND CORPORATIONS

The VICE PRESIDENT laid before the Senate a report from the Secretary of the Treasury, in compliance with Senate Resolution 150 (76th Cong., 1st sess.; submitted by Mr. BYRD), concerning the financial condition and operations of certain corporations and agencies of the Government, which was referred to the Special Committee to Investigate Executive Agencies of the Government.

COAST GUARD STATIONS AT SEATTLE, WASH., AND CHATTANOOGA, TENN.

The VICE PRESIDENT laid before the Senate a letter from the Acting Secretary of the Treasury, transmitting a draft of proposed legislation to provide for the enlargement of the Coast Guard Depot at Seattle, Wash., and for the establishment of a Coast Guard servicing base at or near Chattanooga, Tenn., which, with the accompanying paper, was referred to the Committee on Commerce.

WHITE HOUSE POLICE FORCE

The VICE PRESIDENT laid before the Senate a letter from the Acting Secretary of the Treasury, transmitting a draft of proposed legislation to authorize an increase in the White House Police force, which, with the accompanying paper, was referred to the Committee on Public Buildings and Grounds.

PUNISHMENT FOR COUNTERFEITING CONSPIRACIES

The VICE PRESIDENT laid before the Senate a letter from the Acting Secretary of the Treasury, transmitting a draft of proposed legislation to provide for the punishment of persons conspiring to violate the laws relating to counterfeiting, and certain other laws, which, with the accompanying paper, was referred to the Committee on the Judiciary.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a letter from Sandalio E. Alonso, president of the Consejo Insular de las Uniones de los Oficios Constructores, Afiliada a la Federacion Libre de los Trabajadores de Puerto Rico, of San Juan, P. R., relative to the prevailing wage scale and retail prices in Puerto Rico in connection with projects under the supervision of the W. P. A., which was referred to the Committee on Appropriations.

He also laid before the Senate a resolution of the Shiloh National Farm Loan Association, of Richland Springs, Tex.,

favoring the restoration of the Farm Credit Administration to the status of an independent bureau and the placing of the operations of the Federal land banks, national farm-loan associations, and other units of the Administration under the supervision of a bipartisan board appointed by the President, by and with the advice and consent of the Senate, which was referred to the Select Committee on Government Organization.

Mr. HARRISON. Mr. President, in behalf of my colleague [Mr. BILBO] and myself, I present for appropriate reference a memorial in the form of a house concurrent resolution of the Legislature of the State of Mississippi dealing with making funds available for rural housing, which I request may be printed in the RECORD under the rule.

The VICE PRESIDENT. The concurrent resolution will lie on the table and be printed in the RECORD, as requested by the Senator from Mississippi [Mr. HARRISON].

The resolution is as follows:

Concurrent resolution memorializing Congress to make available funds for rural housing

Whereas the United States Housing Authority has inaugurated a program of rural housing which makes available to farmers of low incomes decent houses at an annual cost they can afford to pay; and

Whereas Lee County, Miss., has presented a feasible program to the U. S. H. A. for funds to construct 300 farm homes in the county at no cost to the county, and the Lee County proposal has been approved by the U. S. H. A.; and

Whereas 17 additional counties in Mississippi—Alcorn, Copiah, Forrest, Hinds, Kemper, Lamar, Lauderdale, Lee, Madison, Neshoba, Newton, Perry, Pontotoc, Prentiss, Scott, Tishomingo, and Union—have appointed county housing authorities; and

Whereas the Mississippi State Planning Commission is working with the county housing authorities in the preparation of applications from each of these 17 counties; and

Whereas many additional counties are contemplating creation of a county housing authority to make application to the U. S. H. A. for funds to construct good homes for the low-income farmers at a cost they can afford; and

Whereas the Senate of the National Congress has approved Senate bill 591 providing, among other things, \$200,000,000 for a rural housing program; and

Whereas the House of Representatives of the National Congress has not passed this legislation: Now, therefore, be it

Resolved by the house of representatives (the senate concurring therein), That the members of the Legislature of the State of Mississippi memorialize the House of Representatives of the National Congress to speedily approve Senate bill 591 and make available funds for the construction of good farm homes available to the low-income farmers of Mississippi, the South, and the Nation at a cost they can afford to pay; be it further

Resolved, That the clerk of the house be ordered to send copies of this resolution to the President of the United States, the National Administrator of the United States Housing Authority, and Mississippi Congressmen.

Adopted by the house of representatives January 26, 1940.

SAMUEL E. LUMPKIN,

Speaker of the House of Representatives.

Adopted by the senate February 7, 1940.

DENNIS MURPHREE,

President of the Senate.

Mr. TYDINGS presented a memorial of members of the Epworth League, of Whiteford, Md., remonstrating against renewal of the trade treaty with Japan, which was referred to the Committee on Foreign Relations.

Mr. HOLT presented a resolution adopted by the Conservation Commission of West Virginia, at Morgantown, W. Va., for district No. 4, comprising the counties of Hancock, Monongalia, Marshall, Gilmer, Preston, Ohio, Harrison, Doddridge, Brooke, Taylor, Lewis, and Marion, favoring the enactment of the so-called Mundt conservation bill, which was referred to the Committee on Agriculture and Forestry.

He also presented a resolution of the West Virginia Bakers' Association, favoring amendment of the National Labor Relations Act in such manner as to make the act operate uniformly upon both employer and employee, etc., which was referred to the Committee on Education and Labor.

GOLD-PURCHASE PROGRAM

Mr. DAVIS. Mr. President, I present an editorial from the Philadelphia Record under date of February 15, 1940, entitled "Fool's Gold." It points out that America now has 65 percent of the world's total of gold, and that on February 8 that total

passed the \$18,000,000,000 mark, an increase of three and a quarter billion dollars in 1 year. I ask that the editorial be printed in the RECORD and referred to the Committee on Banking and Currency.

The VICE PRESIDENT. Without objection, it is so ordered. The editorial is as follows:

[From the Philadelphia Record of February 15, 1940]

FOOL'S GOLD

America's holdings of gold now amount to 65 percent of the world's total. The Treasury revealed Saturday that on February 8 our total passed the \$18,000,000,000 mark—an increase of three and a quarter billion dollars in 1 year.

At the same rate of increase we will own all the gold in the world by the spring of 1943.

What will happen then? As the Record has frequently predicted, every other nation will probably repudiate gold as a monetary base, which would leave us with all the chips on the table and nobody to cash them. In other words, the gold placed in the Fort Knox hole in the ground wouldn't be any more valuable than so much hay.

The Scandinavian countries, during World War I, finally refused to accept gold in payment for goods. They recognized 'way back there that commodities are more valuable than any so-called monetary metal.

If we simply must accept gold from abroad, let's shoot it right back to other countries in exchange for rubber, tin, tungsten, manganese, other commodities we can't produce ourselves. And if we must bury something, let's bury the rubber, tin, tungsten, manganese, etc., against the day when we will need it and when gold won't buy anything.

INVASION OF POLAND

Mr. WILEY. Mr. President, I present for appropriate reference a resolution adopted by the Thaddeus Kosciuszko Society, Group 358, Polish National Alliance, in its meeting held on January 15, 1940, at Milwaukee, Wis. I ask that the resolution may be printed in the RECORD.

There being no objection, the resolution was referred to the Committee on Foreign Relations and ordered to be printed in the RECORD, as follows:

Resolutions adopted by the Thaddeus Kosciuszko Society, Group 358, Polish Society Alliance, at its meeting held Friday, January 15, 1940

Whereas we members of the Thaddeus Kosciuszko Society, Group 358, Polish National Alliance, and Americans of Polish birth or extraction, are fully informed of the brutal invasion of the land of our forefathers by the satanic forces of Hitler Germany and Stalin Russia, such information having been given to us not only through the columns of the daily American and Polish press but also by direct cables and letters from our relatives and friends, citizens of the most unhappy country, now lying bleeding under the heels of those barbaric forces; and

Whereas such invasion of a peaceful, liberty-loving, cultured, and civilized nation was had without the slightest reason, without declaration of war, and the deliberate disregard for nonaggression pacts, for no other reason than to rob that people of their arch-Polish territory and to exterminate the Polish Nation; and

Whereas the barbaric purposes has been officially declared by those in control of the invading forces as follows: "We shall not stop in our work until the last vestige of former Poland has disappeared. We swear that we shall never change the course of our politics and that we shall fight in unified determination in the maintenance of German racial supremacy. This is no time for sentiment and pity, and we must persist in our position of steely indifference"; and

Whereas the cruelties committed by such brutal invaders upon the inoffensive Polish Nation, the weak and aged, women and children, noncombatants, and upon the soldiers bravely defending their Polish soil, and open land without natural defenses, have been of such diabolic nature as to beggar description; and

Whereas the executions of civilians and noncombatants and air bombings were systematically committed upon defenseless citizens, upon rural population, upon hospitals and orphanages, upon churches and synagogues; and

Whereas the population of Poland by such cruel invaders has been stripped of the last vestige of property, either real or personal, and is left without food, shelter, or sufficient clothing, without protection against the forces of invaders who continue their barbaric cruelties upon an innocent nation; and

Whereas the history of the world has never recorded such unbelievable cruelty instituted, practiced, and threatened for many centuries past has never waged a war of aggression but has stood in defense of cultural rights and civilization and of the liberty of religion and speech; and

Whereas such a nation is entitled to the sympathies and material help from all cultured and civilized people of the globe: Now, therefore, be it

Resolved, That we, liberty-loving and loyal Americans of Polish birth or extraction, hereby appeal to our Government, to our fellow Americans, to take cognizance of the brutal injustice which has been perpetrated upon the people of Poland.

We therefore protest against this barbaric invasion and occupation of Poland by the forces of Hitler Germany and Stalin Russia, and we ask our fellow citizens to join us in our protest and join us in our work for relief and assistance to this most unhappy of nations, and we implore our fellow citizens and our Government to give expression of their horror at the barbarism, the physical and moral cruelties imposed upon and perpetrated against a civilized and cultured nation which for more than 200 years has been united in close friendship with the history of the American people; be it further

Resolved, That the original of these resolutions be forwarded to the President of the United States, United States Senators, and to United States congressional Representatives of the State of Wisconsin.

THADDEUS KOSCIUSZKO SOCIETY, GROUP 358,
OF THE POLISH NATIONAL ALLIANCE,
FRANK WARCHOL, *President*,
VALENTINE A. KUSKOWSKI, *Secretary*.

REELECTION OF PRESIDENT ROOSEVELT

MR. SMATHERS. Mr. President, I present and ask unanimous consent to have published in the RECORD a communication addressed to me by William Conklin, Jr., enclosing copy of a paper in the nature of a petition being circulated in Teaneck, N. J., urging the American people to reelect President Roosevelt in 1940.

There being no objection, the matter was ordered to lie on the table and to be printed in the RECORD, as follows:

ROOSEVELT DEMOCRATIC CLUB OF TEANECK,
February 13, 1940.

HON. WILLIAM H. SMATHERS,

Senate Office Building, Washington, D. C.

MY DEAR SENATOR SMATHERS: Enclosed is a petition which we are circulating in Teaneck. It is our thought that a "draft Roosevelt movement" coming from the bottom up is the best way of expressing the true sentiment of the people. It is our great desire to see every New Jersey municipality join with Teaneck in sending a similar petition to the President. We have written to Mayor Hague asking him to take the lead in such a movement. If we could do this in New Jersey it could be done in every other State.

Very sincerely yours,

ROOSEVELT DEMOCRATIC CLUB OF TEANECK,
By WM. CONKLIN, Jr., *President*.

DRAFT PRESIDENT ROOSEVELT AND MAKE AMERICA SAFE FOR DEMOCRACY To the American People:

This year we elect a President of the United States for a term of 4 years. But of far greater importance will be the decision of the voters on the issues of the campaign, for that will not only determine many serious questions that bear on the future welfare and happiness of the American people, but will also fix the course of our American democracy for many years to come.

The preamble of the United States Constitution sets forth the objects intended to be obtained through the institution of the United States Government. It says:

"We the people of the United States, in order to form a more perfect union, establish justice, insure domestic tranquility, provide for the common defense, promote the general welfare, and secure the blessings of liberty to ourselves and our posterity, do ordain and establish this Constitution for the United States of America."

President Roosevelt has said, "I conceive the first duty of government is to protect the economic welfare of all the people, in all sections and in all groups." To prove that he has faithfully executed the Office of President of the United States, let facts be submitted to a candid public:

At the beginning of his first administration, on March 4, 1933, there existed an acute economic and financial crisis. By prompt action he saved the Nation from a serious financial disaster, and afterward set up the Federal Deposit Insurance Corporation to insure the country against a repetition of such a crisis.

He provided aid for the stricken farmers through the A. A. A. and the Farm Credit Administration.

He gave help to the small-home owners through the H. O. L. C. and encouraged the construction of new and modern homes through the F. H. A. and the United States Housing Authority.

He promoted the general economic welfare of the Nation through the rehabilitation of the works at Muscle Shoals, the creation of the Tennessee Valley Authority, and the construction of similar projects at Grand Coulee, Bonneville, and Fort Peck.

He provided protection to the investing public through the S. E. C.

He has promoted general economic recovery through the reciprocal trade agreements.

He has provided economic security to millions of our citizens through the Social Security Act.

He has brought the conveniences of electricity to over 300,000 rural families through the R. E. A.

He provided a medium for the establishment of a better relationship between labor and management through the N. L. R. B.

He put an end to child labor through the Wages and Hours Act.

He provided emergency relief from the devastating effects of the depression through the C. C. C., C. W. A., and W. P. A.

He constructed many parks, playgrounds, hospitals, schools, and other public buildings; and he made many other public improvements all over the Nation through the instrumentality of the P. W. A.

These and many other acts and agencies of great public benefit were adopted and established under his vigorous and able leadership.

Under the neglect and incompetence of past national Republican administrations, the economic organization of the Nation was thrown into violent disruption, causing great suffering and hardships. The national income dropped to \$40,000,000,000 in 1932. Since President Roosevelt was first inaugurated the national income has steadily increased year by year until it reached \$64,000,000,000 in 1936, \$70,000,000,000 in 1937, and an estimated \$85,000,000,000 in 1939—the highest in the Nation's history. The 1940 annual report of the Chase National Bank of New York City, the largest bank in the world, says:

"The quickened business activity of the United States now manifested in trade and industry can be laid principally to domestic causes and only in limited degree to the war or to preparations for war. Business started to revive about the middle of 1933. Since then the volume of production has increased with interruptions until the present time, and the Federal Reserve index of manufacturing production now stands at the highest point yet reached."

For these reasons we sincerely and fully believe that the Nation's welfare demands that President Roosevelt be continued in office for another term. Furthermore, the Democratic Party must present a united front as a liberal party in order to win the confidence and support of the independent voters, and President Roosevelt is the only candidate who can command the respect and support of all factions within the Democratic Party. Therefore, in the spirit of that great leader of democracy, Andrew Jackson, we endorse for reelection President Franklin Delano Roosevelt, with these words: "Our American democracy! It must be preserved!"

THE UNEMPLOYMENT PROBLEM—RELIEF OF PEOPLE OF POLAND

MR. BARBOUR. Mr. President, I ask unanimous consent to have incorporated at this point in the RECORD a resolution of the Board of Commissioners of the City of Trenton, N. J., memorializing Congress to lend its efforts to eliminate and reduce unemployment throughout the Nation; also a resolution by the United Polish Societies of Irvington and vicinity, New Jersey, petitioning aid for the population of Poland.

There being no objection, the resolutions were ordered to be printed in the RECORD, as follows:

Whereas conditions of unemployment throughout the Nation have been extant in such measure as to add fiscal burdens to municipalities and States in every section of the country; and

Whereas the problem of unemployment has assumed such proportions that its amelioration must necessarily be inaugurated as a national policy; and

Whereas technological advances in industry have created a grave problem in the distribution of workers of multifarious trades: Now, therefore, be it

Resolved, That the board of commissioners do hereby memorialize the Congress of the United States to lend its efforts to eliminate and reduce to a minimum unemployment throughout the Nation; and be it further

Resolved, That the mayor be empowered, and he is hereby designated, to represent the city of Trenton at any hearings or conferences that may be held relative to the solution of unemployment; and be it further

Resolved, That any legitimate expenses incurred by the mayor in attending such conferences or hearings be defrayed by the city, upon the presentation of a duly itemized bill; and be it further

Resolved, That certified copies of this resolution be submitted to the President of the United States, the New Jersey Members of the Senate, and the Member of the House of Representatives from this district, for the purpose of securing their active interest and support for the solution of the unemployment problem.

BERNARD J. WALSH.
LEO J. ROGERS.
EDWARD W. LEE.
JOHN A. HARTMAN.
GEO. W. PAGE.

Whereas the cataclysm of war and destruction has fallen with unspeakable horror upon the population of Poland; and

Whereas the inhuman brutality and intentional cruelty of powers of occupation intensify the suffering of hunger and want of said population; and

Whereas the general aid and succor to this population from the outside is prohibited or unnecessarily hindered by the powers of occupation: Now, therefore, be it

Resolved, That the United Polish Societies of Irvington and vicinity, at a meeting assembled, petition, and hereby do petition, His Excellency Franklin D. Roosevelt, the President of the United States, to use his good offices with the Governments of the Union of Soviet Socialist Republics and Germany to open channels for

outside relief of food, clothing, and medicine for the distressed population of all creeds and races in the occupied areas of Poland; and be it further

Resolved, That a copy of this resolution be also forwarded to His Excellency Cordell Hull, Secretary of State, and Senators and Representatives from New Jersey at Washington.

FRANK WITYCIAK,
Chairman.
CHARLES MISHALSKI,
Secretary.

GUAM

Mr. GIBSON. Mr. President, the senior Senator from Maryland [Mr. TYDINGS], chairman of the Committee on Territories and Insular Affairs, has joined me in introducing a bill making effective certain provisions of the Treaty of Paris so far as the people of Guam are concerned. I ask unanimous consent that I may have printed in the RECORD a statement concerning the island and its people.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

GUAM

The American people, generally speaking, know little of the island of Guam. Their picture is that of a barren island located somewhere in the Pacific. This is not, however, a true picture. The island is one of 17 which comprise the Mariana group. It is about 30 miles in length, and from 4 to 8½ miles in width. Its area is estimated at 225 square miles. Guam had been under the jurisdiction of Spain for nearly 300 years until it was captured by the Americans during the Spanish-American War. It was ceded to the United States under the terms of the Treaty of Paris, December 10, 1898, with a provision in article 9, paragraph 2, of the treaty, as follows:

"That the civil rights and political status of the native inhabitants of the territory hereby ceded to the United States shall be determined by Congress."

At the end of the Spanish-American War, Germany purchased all of the islands of the Mariana group except Guam. These islands came under a Japanese mandate at the end of the World War. Among the other islands of the group are Saipan, 121 miles from Guam; Rota, 49 miles from the coast of Guam; and Tinian, 121 miles from Guam. So it will be noted that the island of Guam is in close proximity to Japanese-mandated territory.

The people of Guam are Chamorro descendants of the Malay race. The population is now mixed with the Malay strain predominating. English is the language of the younger generation. The old Chamorro language, as modified by Spanish influence, is still used by the older people. Since coming under the control of the United States we have built roads, provided for a system of sanitation, built electric light and power plants, provided an excellent school system, and have given the people a fairly full measure of liberty and freedom.

Guam was at one time fortified, and was not dismantled until after the adoption of the Washington Treaty of 1922.

The Government of the island is under the Navy Department. On December 23, 1898, the President of the United States signed an order placing the island under the control of the Navy Department. The instructions for the military commander, dated January 12, 1899, signed by President McKinley and Secretary of the Navy Long, reads in part:

"It will be the duty of the military commander to announce and proclaim in the most public manner that we come not as invaders or conquerors, but as friends. All persons who, either by active aid or by honest submission, will cooperate with the Government of the United States, to give effect to these beneficent purposes, will receive the reward of its support and protection. Finally, it should be the earnest and paramount aim of the naval administration to win the confidence, respect, and affection of the inhabitants of the island of Guam by assuring them in every possible way that full measure of individual rights and liberties which is the heritage of free peoples, and by proving to them that the mission of the United States is one of benevolent assimilation substituting the mild way of justice and right for arbitrary rule."

The paramount aim of the naval administration was successfully accomplished. The confidence, respect, and affection of the people was won, and they have proved themselves American-minded. They have been loyal and law-abiding, and in all ways have cooperated with our Government. No group of American citizens under the American flag are more loyal to it than the people of Guam. Every day, when school is in session, 4,000 school children stand at attention in the plaza at Agana and renew their pledge of allegiance to the American flag.

Government by the Navy has been very successful. It is one part of the world where the budget is always balanced. The soil is very rich and produces copra, alligator pears, pineapple, sugarcane, citrus fruit, breadfruit, coffee, corn, rice, and potatoes in abundance. The population in July 1938, was 22,314, including about 20,000 natives. There are fewer than 100 foreign residents on the island, and 61 of these are Filipinos born under the American flag.

During the present Congress the bill (S. 830) provided for an appropriation which would have been very beneficial to the people

of Guam. It was proposed in this bill, on the recommendation of the Hepburn Board, to make some harbor improvements in Apra Harbor on the island. The only improvements contemplated were the building of a breakwater and dredging to improve the seaplane take-off area, and if carried out would increase the area of relatively calm water for the take-off and landing of planes. The island is vitally important from the standpoint of naval as well as commercial aviation. It is of value as a possible naval station at which to base our Asiatic fleet when the United States withdraws from the Philippines in 1946. Its strategic position in the western Pacific makes it of inestimable value to the United States as a possible defense base which would act as a strong deterrent to any foreign power contemplating a hostile move toward the Hawaiian Islands or continental United States.

Immediately upon the consideration of the bill opposition was organized by the "peace at any price" group based on the assumptions that what is really intended is a fortification of the island, and they carried that opposition to a defeat of the proposal when the only improvements intended was the improvement of the harbor.

The people of Guam have been loyal to the United States for 40 years, and have cooperated willingly and helpfully for the development of the island. The people of the island are appreciative of all that America has done for them. Their spirit of cooperation is set forth in a resolution adopted by the Guam Congress, as follows:

"Be it resolved, That we renew our pledge of allegiance to the United States of America, to its institutions, to its ideals of justice and democracy, and that we affirm our happiness to be a part of that great Nation over which waves the Stars and Stripes."

These people have been upholding American ideals out in the Pacific and have never asked for appropriations, other than through the Navy Department, to support their government, and I submit that they are entitled to helpful consideration from the American Congress and the American people; and yet the Congress turned its back on the recommendations and the peace group claimed that a great victory had been won for the cause of peace when, in effect, the net result could well be appraised as a rebuff to a people who are the most loyal as those of any of our possessions.

They are entitled to have United States citizenship conferred upon them, including the extension of naturalization laws. A bill to that end has been introduced, but do not expect that it will be acted upon at this session. It should receive consideration from the next session; and, in addition, it is my firm belief that Guam and our other dependencies should be represented in the Congress of the United States. As conditions now exist there is no one of authority to look out for the interests of the people who are so loyal to their home Government. We solemnly agreed in the Treaty of Paris that the civil rights and political status of the native inhabitants of the territory ceded to the United States shall be determined by Congress. Now the people of Guam ask that the United States carry out its solemn pledge.

REPORT OF COMMITTEE ON APPROPRIATIONS DURING ADJOURNMENT

Under authority of the order of the 13th instant,

Mr. GLASS, from the Committee on Appropriations, to which was referred the bill (H. R. 8068) making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1941, and for other purposes, reported it on February 14, 1940, with amendments, and submitted a report (No. 1205) thereon.

REPORTS OF COMMITTEES

Mr. BARKLEY, from the Committee on the Library, to which was referred the joint resolution (S. J. Res. 206) creating a joint committee to arrange for the celebration of the sesquicentennial anniversary of the signing of the first United States patent law, reported it without amendment.

Mr. TOWNSEND, from the Committee on Claims, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

S. 3195. A bill for the relief of certain disbursing officers of the Army of the United States and for the settlement of individual claims approved by the War Department (Rept. No. 1207); and

S. 3196. A bill to amend the act approved May 24, 1938, entitled "An act for the relief of the Comision Mixta Demarcadora de Limites Entre Colombia y Panama" and for the relief of Jose Antonio Sossa D (Rept. No. 1208).

Mr. SCHWARTZ, from the Committee on Claims, to which was referred the bill (S. 815) for the relief of Christine Lund, reported it with an amendment and submitted a report (No. 1209) thereon.

Mr. HUGHES, from the Committee on Claims, to which were referred the following bills, reported them each with amendments and submitted reports thereon:

S. 1531. A bill for the relief of Edmund S. Dennis (Rept. No. 1210); and

S. 2988. A bill for the relief of Bessie Sharrah (Rept. No. 1211).

Mr. HUGHES also, from the Committee on Claims, to which was referred the bill (S. 3061) for the relief of Andrew Olson, reported it with an amendment and submitted a report (No. 1212) thereon.

He also, from the same committee, to which was referred the bill (H. R. 2860) for the relief of Ben Willie Jones, as legal representative of Thelma Jones, a deceased minor, reported it without amendment and submitted a report (No. 1213) thereon.

Mr. BROWN, from the Committee on Claims, to which were referred the following bills, reported them severally with amendments and submitted reports thereon:

S. 2132. A bill for the relief of Katherine Scott, Mrs. J. H. Scott, Jettie Stewart, and Ruth Mincemeyer (Rept. No. 1217);

S. 2199. A bill for the relief of Isadore J. Friedman (Rept. No. 1218); and

H. R. 808. A bill to confer jurisdiction upon the District Court of the United States for the Southern District of Florida to hear, determine, and render judgment upon the claim of Zook Palm Nurseries, Inc., a Florida corporation (Rept. No. 1214).

Mr. BROWN also, from the Committee on Claims, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

H. R. 1456. A bill for the relief of Maj. Herbert A. Jacob (Rept. No. 1219); and

H. R. 3784. A bill for the relief of the estate of J. D. Warlick (Rept. No. 1220).

Mr. BROWN also, from the Committee on Claims, to which was referred the bill (H. R. 3481) for the relief of C. Z. Bush and W. D. Kennedy, reported it with an amendment and submitted a report (No. 1221) thereon.

Mr. SMATHERS, from the Committee on Claims, to which were referred the following bill and joint resolution, reported them each without amendment and submitted reports thereon:

S. 2667. A bill for the relief of Mr. and Mrs. John W. Finley (Rept. No. 1215); and

S. J. Res. 133. Joint resolution to confer jurisdiction on the Court of Claims or the District Court of the United States for the Northern District of Georgia to hear, determine, and render judgment upon the claim of Mrs. J. W. Marks, of Stephens County, Ga. (Rept. No. 1216).

SENATE MANUAL

Mr. HAYDEN. I report back favorably from the Committee on Printing Senate Resolution 233, authorizing the printing of a revised edition of the Senate Rules and Manual, and ask for its immediate consideration.

There being no objection, the resolution (S. Res. 233, reported by Mr. NEELY from the Committee on Rules on the 8th instant) was read, considered, and agreed to, as follows:

Resolved, That the Committee on Rules be, and it is hereby, directed to prepare a revised edition of the Senate Rules and Manual for the use of the Seventy-seventh Congress, and that 1,500 additional copies shall be printed and bound, of which 1,000 copies shall be for the Senate, 200 copies for the use of the Committee on Rules, and the remaining 300 copies shall be bound in full morocco and tagged as to contents and delivered as may be directed by the committee.

INVESTIGATION OF RAILROADS, HOLDING COMPANIES, AND AFFILIATED COMPANIES

Mr. HAWDEN. I also report back favorably from the Committee on Printing, Senate Concurrent Resolution 38, authorizing the printing of additional copies of Senate Report No. 1182 entitled "Investigation of Railroads, Holding Companies, and Affiliated Companies," and ask for its immediate consideration.

There being no objection, the concurrent resolution (S. Con. Res. 38, submitted by Mr. WHEELER on the 6th instant) was read, considered, and agreed to, as follows:

Resolved by the Senate (the House of Representatives concurring), That there be printed 3,000 additional copies of each part and subsequent parts of Senate Report No. 1182, submitted pursuant to Senate Resolution 71 (74th Cong.), entitled "Investigation of Railroads, Holding Companies, and Affiliated Companies," of which 2,000 copies shall be for the use of the Committee on Interstate Commerce, 500 copies for the use of the Senate document room, and 500 copies for the use of the House document room.

COMPENSATION BENEFITS

Mr. McKELLAR. By direction of the Committee on Appropriations I report favorably, without amendment, House Joint Resolution 456, making available for the fiscal year 1940 an additional amount from the special funds heretofore set up for the payment of compensation benefits authorized by certain Emergency Relief Appropriation Acts, and I submit a report (No. 1206) thereon. I ask unanimous consent for the immediate consideration of the joint resolution.

The VICE PRESIDENT. Is there objection to the immediate consideration of the joint resolution?

Mr. McNARY. Mr. President, this is quite unusual, and out of order. What is the reason for the urgency?

Mr. McKELLAR. I shall be glad to state the reasons. I was just about to do that.

The House of Representatives has just passed this joint resolution, and sent it to the Senate. There are a large number of unemployment dues which have not been paid, and the Compensation Commission has asked very earnestly that an allotment be made for certain special employee-compensation funds heretofore carried in the emergency-relief measure. There are a number of them, and there is a balance available for the unemployment obligations as of February 1, 1940, of \$14,607,242.

Mr. President, this joint resolution merely makes available an additional million and a half dollars from appropriations already made, for the payment of unemployment compensation benefits which have already been allowed, but have not been paid because of lack of money. The House undertook to take this matter out of the deficiency bill and put it in a special joint resolution, and they have sent it to the Senate. Mr. WOODRUM, of the House committee, notified us of the very great importance and urgency of the matter, and asked that it be taken up at once. Our committee felt that it should be taken up immediately, and the committee yesterday authorized that it be reported. Those are the reasons why I am asking unanimous consent that the Senate now consider the measure, providing for the payment of claims which have already been allowed and which are payable.

Mr. McNARY. Mr. President, that is a fair and frank explanation. I do not like the practice—

Mr. McKELLAR. I agree with the Senator entirely.

Mr. McNARY. Pardon me until I conclude. I fail yet to see any particular urgency about the situation. Perhaps we will have a call of the calendar today, or tomorrow, or on Monday; and would anything be lost if we should not take up the matter today?

Mr. McKELLAR. May I read from the House report?

Mr. McNARY. I shall object at the present time.

The VICE PRESIDENT. Objection is heard.

Mr. McKELLAR subsequently said: Mr. President, earlier today I asked unanimous consent that House Joint Resolution 456 be considered and acted on. At that time the Senator from Oregon [Mr. McNARY] stated that he would like to have the matter go over so that he might look into it. I ask him now whether I may not bring it up at this time and have the joint resolution passed, as it is very important that it be passed, and I understand that the Senate is to adjourn to Monday.

Mr. McNARY. Mr. President, the statement of the able Senator from Tennessee is quite correct. I have looked into the situation and all the surrounding circumstances, and I have no objection to the immediate consideration of the joint resolution.

There being no objection, the joint resolution (H. J. Res. 456) making available for the fiscal year 1940 an additional amount from the special funds heretofore set up for the payment of compensation benefits authorized by certain

Emergency Relief Appropriation Acts was considered, ordered to a third reading, read the third time, and passed.

Mr. McKELLAR. Mr. President, I should like to have inserted in the RECORD the report of the committee on the joint resolution and also a statement.

There being no objection, the matters were ordered to be printed in the RECORD, as follows:

Senate Report No. 1206

The Committee on Appropriations, to whom was referred the joint resolution (H. J. Res. 456) making available for the fiscal year 1940 an additional amount from the special funds heretofore set up for the payment of compensation benefits authorized by certain Emergency Relief Appropriation Acts, report the same without amendment and with a recommendation for its early consideration and passage.

Concerning this resolution, the Appropriations Committee of the House said:

"Under the provisions of prior relief appropriation acts, there has been set aside in a special fund from the relief appropriations, each year a sum estimated to be sufficient to pay all compensation claims for death and disability arising because of injuries received by persons engaged in emergency work and employed under that year's appropriation. In accordance with law, it is necessary, before this fund can be used, to have authorization in an appropriation bill for the amount thereof to be used in any fiscal year.

"The Independent Offices Appropriations Act for the fiscal year 1940 set aside \$3,200,000 out of this special fund for the payment of claims of this character during the fiscal year 1940. This sum has proved to be insufficient and was exhausted by February 1 last and in addition thereto unpaid claims aggregate over \$100,000. This joint resolution authorizes an additional \$1,500,000 to be used from the special fund for the remainder of the fiscal year 1940. The next payments of death and disability claims are due on February 16, 1940, and other payments are due regularly again at the end of February. No funds are available to meet these payments. The Employees' Compensation Commission estimates the amount to be disbursed on February 16 at \$500,000. There are 4,500 cases involved. These persons are in low-income groups and many of them without any other means of support, and as the first deficiency appropriation bill, which would normally carry this item, in all probability will not be a law until after March 1, the committee recommend the carrying of this item in a joint resolution. If this procedure is not followed there will be over a month's delay in the payment of these amounts due fortnightly to a large group of unfortunate persons."

Upon this state of facts and for these reasons, your committee report the above resolution favorably.

STATEMENT No. 6.—*Special fund, Employees' Compensation Fund, emergency relief*

Allotment from 1935 appropriation.....	\$28,000,000
Rescissions.....	14,200,000
Total, 1935 appropriation.....	13,800,000
Allotment from 1936 appropriation.....	\$14,000,000
Rescissions.....	7,800,000
Total, 1936 appropriation.....	6,200,000
Allotment from 1937 appropriation.....	13,925,000
Total, special funds.....	33,925,000
Total expenditures to June 30, 1939.....	16,868,298
Balance June 30, 1938.....	17,056,702
Appropriation, 1938 act.....	\$5,500,000
Obligated, 1938 act.....	4,749,460
Balance transferred to special fund.....	750,540
Total available June 30, 1939.....	17,807,242
Authorized for 1940.....	3,200,000
Balance available for obligations, Feb. 1, 1940....	14,607,242

BILLS AND JOINT RESOLUTIONS INTRODUCED

Bills and joint resolutions were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. BARKLEY:

S. 3356. A bill to provide for the return to employees of contributions paid by them under unemployment-compensation laws, and to make funds available therefor; to the Committee on Interstate Commerce.

By Mr. McCARRAN:

S. 3357. A bill to provide for the employment of unemployed miners in prospecting areas on the public lands; to the Committee on Appropriations.

By Mr. CAPPER:

S. 3358. A bill for the relief of Christopher Rogers (with accompanying papers); to the Committee on Claims.

By Mr. STEWART:

S. 3359. A bill to authorize the construction of flood-control works on the Tennessee River at Chattanooga, Tenn., and Rossville, Ga.; to the Committee on Commerce.

(Mr. CLARK of Missouri introduced Senate bill 3360, which was referred to the Committee on Foreign Relations, and appears under a separate heading.)

By Mr. MALONEY:

S. 3361. A bill for the relief of Aron Pitt and Cecilia Pitt; to the Committee on Immigration.

By Mr. BURKE:

S. 3362. A bill for the relief of Charles H. Craig; to the Committee on Military Affairs.

By Mr. ANDREWS:

S. 3363. A bill for the relief of James R. Davis, Jr.; to the Committee on Military Affairs.

S. 3364. A bill authorizing the Bradenton Co., its successors and assigns, to construct, maintain, and operate a bridge across Sarasota Pass where Manatee Avenue, Bradenton, if extended, would cross Sarasota Pass, county of Manatee, State of Florida; to the Committee on Commerce.

By Mr. MURRAY:

S. 3365. A bill to amend the Social Security Act and the Internal Revenue Code, to establish adequate standards of unemployment compensation, and for other purposes; to the Committee on Finance.

By Mr. NEELY:

S. 3366. A bill for the relief of John C. Gardner; to the Committee on Finance.

S. 3367. A bill to make Younghill Kang eligible for naturalization; to the Committee on Immigration.

By Mr. BULOW (for himself and Mr. FRAZIER):

S. 3368. A bill to amend the Civil Service Retirement Act and other retirement acts; to the Committee on Civil Service.

By Mr. BARBOUR:

S. 3369. A bill granting an increase of pension to Sarah Warn; to the Committee on Pensions.

S. 3370. A bill to provide a 2-year moratorium on foreclosures of Home Owners' Loan Corporation mortgages;

S. 3371. A bill to reduce the interest rate on Home Owners' Loan Corporation mortgages; and

S. 3372. A bill to reduce the interest rate on Home Owners' Loan Corporation mortgages, to limit the interest rate collectible by institutions borrowing funds from Federal home-loan banks, and to further limit the interest rate collectible on mortgages insurable by the Federal Housing Administration; to the Committee on Banking and Currency.

By Mr. PITTMAN:

S. 3373. A bill to amend the Subsistence Expense Act of 1926, as amended by the act of June 30, 1932, (ch. 314, sec. 209, 47 Stat. 405); to the Committee on Foreign Relations.

By Mr. WALSH:

S. 3374. A bill for the relief of J. Walter Bowers; to the Committee on Claims.

By Mr. MEAD:

S. 3375. A bill for the relief of Louis Anastasia; to the Committee on Military Affairs.

S. 3376. A bill relating to the supply of quarters, subsistence, laundry service, or other allowance to any officer or employee in the Veterans' Administration or in any other Government agency; to the Committee on Finance.

By Mr. HATCH (for himself and Mr. CHAVEZ):

S. 3377. A bill authorizing the Secretary of War to execute an easement deed to the State of New Mexico for the use and occupation of lands and water areas at Conchas Dam and Reservoir project, New Mexico; to the Committee on Military Affairs.

By Mr. REYNOLDS:

S. 3378. A bill granting an increase of pension to Gus Hughes; to the Committee on Finance.

S. 3379. A bill to adjust the status of Lt. Comdr. Mortimer T. Clement, Medical Corps, United States Navy, retired, on the retired list of the Navy; to the Committee on Naval Affairs.

By Mr. PEPPER:

S. 3380. A bill granting a pension to Thomas P. Doyle;

S. 3381. A bill granting an increase of pension to May Elaine Lawson; and

S. 3382. A bill granting an increase of pension to Mary J. Van Denbergh; to the Committee on Pensions.

By Mr. VAN NUYS:

S. 3383. A bill to authorize certain future adjustments in the accounts of the Treasurer of the United States when erroneous payments have been made by him in good faith and without negligence, and for other purposes; to the Committee on Expenditures in the Executive Departments.

By Mr. McKELLAR:

S. 3384. A bill amending acts extending the franking privilege to widows of ex-Presidents of the United States; and

S. 3385. A bill to extend to the Pan American Sanitary Bureau the franking privilege with respect to the transmission of its official mail matter; to the Committee on Post Offices and Post Roads.

By Mr. PEPPER:

S. J. Res. 211. Joint resolution conferring jurisdiction upon the Court of Claims to hear and determine the claim of Trent Trust Co., Ltd., a corporation of the Territory of Hawaii, and Cooke Trust Co., Ltd., a corporation of the Territory of Hawaii, as receiver for said Trent Trust Co., Ltd.; to the Committee on Claims.

By Mr. GUFFEY:

S. J. Res. 212. Joint resolution making applicable to certain coal deliveries the prices established by the National Bituminous Coal Commission; to the Committee on Interstate Commerce.

BRITISH INTERFERENCE WITH AMERICAN MAIL AT BERMUDA

Mr. CLARK of Missouri. Mr. President, when the so-called Neutrality Act was amended and a substitution made for it at the last session of Congress, an exception was made in the case of American aircraft landing at the British dependency of Bermuda. Since that time possibly no greater cause of international friction has arisen than the practice—the illegal practice, as our State Department has denominated it—of the British Government insisting on rifling United States mail landing at Bermuda. Very recently a United States clipper bearing an Ambassador of the United States, returning from his station abroad for consultation in Washington, was detained in Bermuda, and the mail on that clipper was rifled, and more than half of it was confiscated. I therefore introduce a bill upon that subject, and, since it is very brief, I ask unanimous consent that it be reported for information.

The VICE PRESIDENT. Without objection, the bill will be read for the information of the Senate.

The bill (S. 3360) to prohibit aircraft transporting United States mail from landing at Bermuda, was read the first time by its title, and the second time at length, as follows:

Be it enacted, etc., That section 2 of the Neutrality Act of 1939 is amended by adding at the end thereof the following new subsection:

"(m) Notwithstanding the exceptions contained in subsection (h), it shall be unlawful for any aircraft transporting United States mail to land, other than a forced landing, at the Island of Bermuda while a proclamation issued under the authority of section 1 (a) and naming the United Kingdom is in effect. The penalty provided for in subsection (b) shall apply to any violation of the provisions of this subsection."

Sec. 2. This act shall take effect on the day following the date of its enactment.

The VICE PRESIDENT. Has the Senator any suggestion as to the committee to which the bill should be referred?

Mr. CLARK of Missouri. I think it should be referred to the Committee on Foreign Relations.

The VICE PRESIDENT. The bill will be referred to the Committee on Foreign Relations.

NATIONAL MISSISSIPPI RIVER PARKWAY—AMENDMENT

Mr. LA FOLLETTE submitted an amendment in the nature of a substitute intended to be proposed by him to the bill (S. 1978) to authorize a National Mississippi River Parkway and matters relating thereto, which was referred to the

Committee on Public Lands and Surveys and ordered to be printed.

AMENDMENT TO RIVER AND HARBOR AUTHORIZATION BILL—HACKENSACK RIVER, N. J.

Mr. BARBOUR submitted an amendment intended to be proposed by him to the bill (H. R. 6264) authorizing the construction, repair, and preservation of certain public works on rivers and harbors, and for other purposes, which was referred to the Committee on Commerce and ordered to be printed.

PRINTING OF MATERIAL RELATIVE TO LIFE AND WORKS OF LINCOLN

Mr. LUCAS submitted the following resolution (S. Res. 237), which was referred to the Committee on Printing:

Resolved, That the documents and material relating to the life and works of Abraham Lincoln, consisting of historical documents, papers, and reports, which constitute about 2,750 items, none of which have heretofore been published, together with copies of photographs and paintings from life, a complete bibliography and a chronological index to Lincoln material, which have been compiled by and are now in the possession of Emanuel Hertz, Esq., of New York, be printed as a Senate document.

LINCOLN DAY ADDRESS BY POSTMASTER GENERAL FARLEY

[Mr. LUCAS asked and obtained leave to have printed in the RECORD a Lincoln Day address delivered by Hon. James A. Farley before the Midday Luncheon Club of Springfield, Ill., on February 11, 1940, which appears in the Appendix.]

IMPORTATION OF RUSSIAN GOLD

[Mr. McNARY asked and obtained leave to have printed in the RECORD a statement by Senator TOWNSEND entitled "Ten Reasons Why I Want to Keep Out Russian Gold," which appears in the Appendix.]

TOLERANCE—ADDRESS BY SENATOR BARBOUR

[Mr. TOBEY asked and obtained leave to have printed in the RECORD an address by Senator BARBOUR at the dinner of the American Jewish Congress held at the Mayflower Hotel, in Washington, on Sunday night, February 11, 1940, which appears in the Appendix.]

ADDRESS BY SENATOR MEAD BEFORE AMERICAN JEWISH CONGRESS

[Mr. BARBOUR asked and obtained leave to have printed in the RECORD an address delivered by Senator MEAD on February 12, 1940, before the American Jewish Congress at its meeting held in the Willard Hotel, Washington, D. C., which appears in the Appendix.]

ARTICLE BY SENATOR REYNOLDS ON A NEW WEAPON FOR PEACE INSURANCE

[Mr. REYNOLDS asked and obtained leave to have printed in the RECORD an article by himself, published in Liberty Magazine for December 2, 1939, entitled "A New Weapon for Peace Insurance," which appears in the Appendix.]

DEDICATION OF THE POST OFFICE AT LINCOLN'S NEW SALEM, ILL.—ADDRESS BY SENATOR LUCAS

[Mr. LUCAS asked and obtained leave to have printed in the RECORD an address delivered by him at the dedication of the post office at Lincoln's New Salem, Ill., on February 12, 1940, which appears in the Appendix.]

THE AMERICAN HERITAGE OF RELIGIOUS LIBERTY—ADDRESS BY SENATOR WALSH

[Mr. WALSH asked and obtained leave to have printed in the RECORD an address delivered by him on August 20, 1939, on the occasion of the unveiling of a monument presented by the Jewish people of Newport, R. I., to the city of Newport, dedicated to the "American Heritage of Religious Liberty," which appears in the Appendix.]

ADDRESS BY SENATOR BROWN BEFORE CANADIAN BAR ASSOCIATION

[Mr. BROWN asked and obtained leave to have printed in the RECORD an address delivered by him before the Canadian Bar Association at Windsor, Canada, on January 27, 1940, which appears in the Appendix.]

ADDRESS BY GOVERNOR SPRAGUE AT SEATTLE, WASH.

[Mr. McNARY asked and obtained leave to have printed in the RECORD an address delivered by Hon. Charles A. Sprague, Governor of Oregon, before the King County Young Men's

Republican Club at Seattle, Wash., February 10, 1940, which appears in the Appendix.]

ARTICLE BY EMANUEL HERTZ

[Mr. WAGNER asked and obtained leave to have inserted in the RECORD an essay entitled "Lincoln on His Last Birthday," written by Emanuel Hertz, which appears in the Appendix.]

THE FARM PROBLEM

[Mr. MURRAY asked and obtained leave to have inserted in the Appendix of the RECORD an address made before a farm group by Hon. Edward Corneaby, of Minnesota, on farm and labor problems, which appears in the Appendix.]

JULIEN N. FRIANT—TRIBUTE BY ALPHONSE C. LA FARGE

[Mr. CLARK of Missouri asked and obtained leave to have printed in the RECORD a tribute by Mr. Alphonse C. La Farge to the late Julien N. Friant, Special Assistant to the Secretary of Agriculture, which appears in the Appendix.]

RECIPROCAL-TRADE AGREEMENTS

[Mr. GREEN asked and obtained leave to have printed in the RECORD an article and an editorial from the Providence Evening Bulletin relative to the reciprocal-trade agreements, which appear in the Appendix.]

LINCOLN DAY ADDRESS BY ALFRED M. LANDON

[Mr. CAPPER asked and obtained leave to have printed in the RECORD a Lincoln Day address delivered by Alfred M. Landon on February 11, 1940, at Springfield, Ill., which appears in the Appendix.]

EDITORIAL FROM NAUTICAL GAZETTE ON FINLAND

[Mr. BARBOUR asked and obtained leave to have printed in the RECORD an editorial published in the Nautical Gazette of January 1940 with reference to the attitude of the United States toward Finland, which appears in the Appendix.]

SILVER-PURCHASE PROGRAM

[Mr. TOWNSEND asked and obtained leave to have printed in the RECORD an editorial from the New York Journal of Commerce of February 15, 1940, and an editorial from the New York Times of the same date relative to the silver-purchase program, which appear in the Appendix.]

WORKERS' PROFIT—ARTICLE BY DR. JOSEPH F. THORNING

[Mr. TYDINGS asked and obtained leave to have printed in the RECORD an article by Dr. Joseph F. Thorning published in the Sign for January 1940 entitled "Workers' Profit," which appears in the Appendix.]

ORDER DISPENSING WITH CALL OF THE CALENDAR

The VICE PRESIDENT. The routine morning business is closed. The calendar under rule VIII is in order.

Mr. BARKLEY. Mr. President, I ask unanimous consent that the calling of the calendar be dispensed with.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

Mr. BARKLEY. I may say, for the information of the Members of the Senate, that I hope we may have a call of the calendar on next Monday for the consideration of unobjected-to bills.

THE HUMAN NEEDS OF THE STEEL INDUSTRY

Mr. DAVIS. Mr. President, as you look at the seething inside of a Bessemer furnace you welcome the protection of dark-colored glasses. The fire is terrific. The molten metal does not simply boil; it leaps viciously against the sides of the furnace, like surf beating against a cliff. The temperature is around 2,900°. You do not find it comfortable to look at it for more than a few seconds at a time. Although you stand a considerable distance from the mouth of the furnace, the scorching heat is fierce beyond my power of words to describe. Your face feels blistered. The awfulness of the power in that golden maelstrom turns your body tense. You feel as though, if you did not hold onto the railing, you might fall, although there is no such actual danger.

These furnaces are built in the shape of an immense urn or vase, big at the bottom, curving to a smaller neck at the top. The only opening is at the top. They are three or four

stories high and set on huge cradles so they can be tipped over and the molten metal poured out. The wrong pull on the lever would turn the whole vat over and dump tons and tons of molten metal all over the place. The men at the furnace are carefully trained, but there is constant danger. Formerly the danger was greater than at the present time. In the days of my mill experience I have known of a workman completely submerged in molten metal as though he were battling against the waves of the ocean. He was buried where he had fallen. Only men of courage, strong of body, alert of mind, and skilled of hand are fitted for this rugged enterprise. It is their life and they glory in it. These furnace men have to judge, merely by the color of the golden heat rising from the furnace, the amount of every chemical element in that boiling mass. In other words, they have to cook metal to an infinitesimally accurate mixture of a dozen elements, sampling it merely by their eyes upon a fiery glow.

My purpose in speaking today is to portray as accurately as possible the human side of the steel industry and the human needs that I see there. Unquestionably misunderstanding exists. The public has been led to believe that the steel companies are heartless corporations, harsh and selfish in their attitude toward labor, operated along monopolistic lines, feeding upon fat profits at the expense of the workers, who are pictured as being driven like slaves. This is an extreme point of view and does not make room for the many changes that have come in the steel industry with the passing years. Actually in no trade is competition more severe and no other industry has been so subjected to financial losses during these depression years.

The steel industry in the past has been reluctant to take the public into its confidence and tell the country the facts, especially in the field of relationships between management and employees. Consequently, there is prevalent today a curious and widespread assortment of misinformation and distorted facts concerning the steel industry.

Perhaps the attitude of the steel industry in the past was justified. It had gone about its own business quietly and efficiently, without feeling that it was called upon either to pat itself on the back or to defend itself. With the coming of the National Industrial Recovery Act, however, conditions changed. Corporations no longer did their business privately. Relationships between management and employees became matters of broad public interest. In the steel industry in particular employee-employer relationships were brought into the limelight. In justice to both labor and industry a review of these facts is now imperative. In my opinion, the steel industry, with but few exceptions, is not excelled, from the standpoint of the welfare of the workers, by any other large industry in the United States.

At least 2,500,000 men, women, and children look to the steel industry for their daily bread. In other words, the steel industry sustains directly the lives of as many people as live in Arizona, Delaware, Idaho, Montana, Nevada, New Mexico, and South Dakota combined. And this says nothing of the lives of millions of our citizens whose income is derived solely from servicing the needs of steel workers. The steel industry services the Nation; and the workers of farm, field, mine, mill, and factory service the steel industry. This is a reciprocal relationship that holds within its circling power the future destiny of the Nation. The steel industry is the industrial thermometer of America. When it is up, conditions are prosperous; when it is down, the adverse influence is felt in every crossroads town.

The total investment in the steel industry of this country is approximately \$5,000,000,000. The stock represented by this investment is probably divided among at least a half million stockholders. The holdings naturally run from a few shares each to thousands of shares. Steel stocks are to be found in the safe-deposit boxes of hundreds of small-wage earners, professional men, school teachers, and others who have purchased stock in the steel companies with the belief that they were making a stable investment in a permanent, basic industry. These people have a right to expect a fair return on their investment.

Returns on capital investment in the steel industry throughout a period of years are illuminating. A recent analysis of net earnings on aggregate net worth of leading steel companies of the country in the comparatively prosperous period from 1921 to 1932, for a period of 12 years, shows them to have been 4.3 percent. In 1932 there was a loss of 4.3 percent. Rate of earnings naturally reflected broad variations in volume of production and indicated, on the whole, that profits in the steel industry materialize only when the industry is operating at 45 percent of capacity, or above, and that 80 percent of capacity, in past experience at least, has been necessary before earnings reach 6 percent.

In 1923 the 13-hour day gave way to the 8- and 10-hour day. I am glad to have been associated with President Harding when this important development took place. President Harding gave splendid leadership in this good cause. In the beginning there were some who said an 8-hour day would ruin the steel industry. But it was not long before a three 8-hour-shift program was found to have many advantages over the older 12-hour day. I can recall the 12-hour day from personal experience, and know how it seems to work in the darkness both at the beginning and end of the day. In 1933 the 10-hour day gave way completely to the 8-hour day and an average weekly maximum of 40 hours. At the same time the number of hours worked per week per employee was decreased to approximately 40 hours, average earnings per hour increased 22 percent. With the return of more normal operations at the present time the earnings of individual employees have increased.

Men who have risen from the factory and mill, in considering such matters as wages, hours, and working conditions, understand the worker's needs and judge sympathetically from practical experience and personal knowledge. The steel industry is now very largely in the leadership of men who have risen from the ranks. These men now have heavy responsibilities in finance, sales, and other executive branches of their companies, but their early associations bind them to the men with a deep friendship and sympathy. They want to keep in touch. They know, too, from their own knowledge that men in the mills like to deal directly with management. They believe that industrial relations should be on a man-to-man basis, with all the facts on the table.

In the old days, when plants were small and employees few, the problem of direct contact between management and workers was not as complex as today. My thought goes to my early mill experience in Sharon and Farrell, Pa. I think of Frank Buhl, whose name is honored throughout that valley because of the personal interest which he and his family took in the human needs of the steel workers. Every August a great celebration is held in that area to perpetuate the splendid spirit of cooperation which grew up out of the business vision and humanitarian purpose of Frank Buhl.

Today the size of an enterprise complicates the human relationships. Many steel companies require thousands of men to operate the plants. The census of 1879 showed that less than 141,000 wage earners were employed in the manufacture of iron and steel, whereas today the industry employs 500,000. In an earlier day the membership of the Amalgamated Association of Iron, Tin and Steel Workers, to which I belong, included the greater percentage of workers in the industry. It was a strong organization, and one of which I am indeed proud. It came to the high point of its strength under a number of exceptionally able and public-spirited men.

During the last 50 years the trend of steel employment has been strongly upward. Although the substitution of mechanical equipment has released labor from some forms of toil it has not diminished the total number of jobs available. On the contrary the introduction of machines has created new fields of employment. There are two sides to this question. The machine has been both the glory and scandal of our age. It is the glory when it makes possible better workmanship, high-quality production, and lower prices. It is a scandal when machines are introduced with such rapidity as to deprive workers of their jobs, leaving thousands of them uncared for in the midstream of their lives. It is ex-

ceedingly difficult for a man trained solely to do the work of the steel mill, with his muscles, mind, and spirit developed for a single task, to transform his life and find a new line of work. This is a serious problem, especially serious for the man about 50 years of age. The problem must be faced resolutely and met in a practical way. The earnings of the machine must be geared to the human needs of all the workers lest the machine become a tyrant as unwelcome as the harsh rule of an oriental despot.

I am glad to say that a new cycle of industrial relations has been instituted with the passing years. Workers may associate themselves together into a group or trade-union for their mutual protection. Workers may select representatives of their own choosing to advance their mutual interests. Workers may enjoy these rights without interference from their employers. These rights are protected by law.

Obviously it is impossible for the chief executives to meet and talk to each one of the hundreds of thousands of wage earners in person. The problem has to be solved in the steel industry, as in many other industries, by employee representation plans adopted by employees themselves. These plans present a method of conserving the contact between workers and management.

Organized cooperation between unions and employers offers the best hope of meeting the obstacles to success which baffle society as a whole. Only when cooperation is complete can the full social advantage be taken of our wealth of natural resources, the skill of our labor, and the technological advances which have been the fruits of our brains. The employer willing to cooperate with labor brings out the negotiator whose greatest effectiveness comes over the conference table. A lot of good, hard brain work, and much education of labor and industry must be added to a willingness to use conference methods before the full measure of our national strength can be realized.

The wage earner desires continuous work at good wages, reasonable hours, fair and considerate treatment, a safe and healthful place to work, and a chance to rise on merit. The employer seeks increasing and profitable business, and insofar as possible he supports the workers' ambitions for increased purchasing power and a higher standard of living upon which progress in industry depends. There is no conflict between these objectives. There can be no class war over them. Employee representation plans are now in effect throughout a major part of the steel industry. Recently a survey was completed which shows that the employees of some 101 companies which employ more than 90 percent of the total number on steel-company pay rolls are participating in and actively supporting representation plans in effect there to the extent of 89 percent of all workers on pay rolls.

A study is now being conducted of the basing point system of the steel industry before the Temporary National Economic Committee. This relates to the old Pittsburgh-plus pricing system. I am grateful to the Senator from Wyoming [Mr. O'MAHONEY], chairman of this committee, who has so courteously provided me with much of the data which I have used in the preparation of my remarks on the basing point system. However, the points of view I express are my own and not necessarily his.

There was a time when all steel producers, regardless of their location, adhered very closely to the prices prevailing in Pittsburgh and also added the cost of transportation from Pittsburgh to the point of delivery. Thus, if a Chicago steel producer sold to a Chicago customer, he quoted the Pittsburgh price plus the cost of transportation from Pittsburgh to Chicago, although no such transportation was involved. Pittsburgh-plus was practiced in the steel industry as early as 1875, and thereafter was extended to many steel products. Not all iron and steel products, however, were sold on this basis. Steel rails and pig iron were not sold on the Pittsburgh-plus basis. In 1909 the United States Steel Corporation yielded to complaints against the sale on a Pittsburgh-plus basis of steel products manufactured in Birmingham, Ala., and agreed to sell Birmingham manufactured steel bars at the Birmingham base price, which was fixed at \$3 per ton above the Pittsburgh price. The delivered price of bars

from Birmingham was calculated, therefore, by adding to the Birmingham base price the actual freight from Birmingham.

In 1922 the Federal Trade Commission filed a complaint against the Pittsburgh-plus method. United States Steel then commenced selling bars, plates, and shapes on a Chicago basis, but Pittsburgh-plus continued to apply to sheets, tin plates, wire, and wire products. In 1924 the Commission ordered the industry to cease the Pittsburgh-plus system, and it was abandoned for sheets, wire, and pipe. Gradually, over the years, the independents established new basing points.

During the N. R. A. explicit provision was made in the code for the basing-point system, which had then become known as the multiple basing-point system. The code provided, with a few minor exceptions, an average of 4.6 basing points for each of 32 products, the range being from a minimum of 1 to a maximum of 11. In 1938 the industry established additional basing points, which are today represented by some 80 towns or cities. Of these, about 13 may be considered as major basing points.

The Federal Trade Commission has recommended the establishment of an f. o. b. mill price, which would require that each mill making steel be considered a basing point. However, the most comprehensive and widely accepted study of the steel industry now available, a two-volume work by Daugherty, De Chazeau, and Stratton on the Economics of the Iron and Steel Industry, does not support this point of view. I can do no better than present some of the findings of these scholars whose work was published in 1937.

Prof. Frank Fetter has long been an outstanding critic of the basing-point system. His point of view has been wholeheartedly adopted by the Federal Trade Commission. In his book, entitled "The Masquerade of Monopoly," Professor Fetter shows the discrimination inherent in a basing-point system of delivered prices, but his analysis of the evolution of this pricing system is couched entirely in terms of conspiracy and collusion. Nowhere in his book is there the faintest recognition that the economic conditions of production and distribution may have become fundamentally inconsistent with the existence of perfect competition. Professor Fetter never raises the question, What method of pricing can be made to work in the steel industry? His defense of the mill-base price rests not on an analysis of the steel industry, but on a deduction from the concept of a free market under perfect competition.

Mr. President, this is most unfortunate, for it brands as theoretical and visionary the findings of a scholar whose word has had its due measure of value. The conclusion of the Federal Trade Commission that an f. o. b.-mill system should be imposed on the industry because the basing-point system has somewhat restricted price competition is neither sound or logical. If we were to begin to advocate changes in existing conditions of our American life irrespective of what better provision may be made for them we should find ourselves in the position of the Federal Trade Commission as it now advocates the destruction of the multiple basing-point system.

The basic question is not whether free price competition actually exists in the steel industry. It is whether free price competition can be maintained or even imposed on the steel industry, and, if not, what method of pricing is socially and economically desirable. The opponents of the present prevailing system are basing their criticism on theoretical abstractions which are actually nonexistent. They exist only in the minds of the critics. They assume large proportions of astronomical value. Practically they are of little worth; and if they were actually to be imposed on the steel industry, they would produce such chaos and confusion as to retard business recovery, accentuate unemployment, and increase the already mounting burdens of grievance, of which labor today is carrying a full pack.

Price stabilization in the steel industry is impossible without either price fixing or a system of delivered prices. Since steel is a highly standardized commodity, produced and sold to

exact specifications, and generally ordered in large quantities for further production, even a relatively small price differential may be a deciding sales factor. The market for each group of mills and for each mill within the group is more national than local. That stabilization must be on a national rather than a local basis is the logic of the basing-point system. The breaking down of the prevailing system will be an open invitation to price cutting and destructive competition, which was a source of public menace many years ago when the steel industry was comparatively young. The burden of proof is on those who now call for an end of the basing-point system to show that a return to those conditions is now desirable. I am unwilling to accept this philosophy until something more constructive is presented than has heretofore been made available. I ask, How many thousands of workers will be put on relief as a penalty for such abrupt action? How many workers will lose their jobs? What provision will be made for their wives and children? How much will be added to taxes in relief and work-relief burdens? Who will be responsible for sound returns to investors in the steel industry? Who will wish to carry the task of promoting collective cooperation between management and employees under the instability of new and theoretical conditions? Who will find anything of practical value for any section of the country under the proposed change? What will the practical benefit be? Mr. President, I can see no benefit; and until one is clearly shown I shall continue to oppose this measure with all the logic and persuasion at my command.

Mr. President, I expect to continue to oppose the anti-basing-point bill. In my judgment the human considerations involved far outweigh the theoretical objections to the multiple basing-point system now in effect. The proposed legislation holds a threat against the jobs, savings, and general welfare of workers in the steel industry at the points where the industry is best established. It holds a threat which has no sufficient justification in terms of public welfare or prospect for improved conditions.

I know the life of steel workers. I know how happy they are in their work, how independent and free the average workers in the mills are, and how independent and free they insist they shall continue to be. I know the glory they feel in the work of their hands. I have seen them standing in front of the furnace, their fine supple bodies beaded with sweat, the perspiration glistening on their backs like dew in the morning sun. I know the character and the temperament of these men. I know that when you penetrate deep down in the heart of a mill worker you find the embodiment of the Scriptural injunction "Love thy neighbor as thyself"; for these men live and work together in the true spirit of brotherhood.

Mr. President, in conclusion I wish to say that the spirit of the steel men of America is the spirit of the youth of our land. The steel business is a challenge to the enthusiasm and independence of a young man. It is a symbol of the youth and strength of our glorious Nation. Let us understand the true spirit of our American youth and uphold it.

Recently a so-called youth conference assembled in Washington. The press carried front page stories of the demands which these young people were making on the Government. There was much question as to who these young people were and what they represented. I believe in American youth. I believe in American strength and courage. I believe in the independent spirit from first to last. Believing as I do, I am convinced that the great majority of the young men and women of this country do not wish to be represented as coming to the Government primarily to make demands upon it, but rather to present themselves for service to it. American youth has ability, brains, stamina, strength, and good heart. Our boys and our girls not only want to get something for themselves; they want to give their very best to humanity and to the Nation. In this spirit I propose that a genuine youth conference be assembled in Washington in behalf of the contribution to good citizenship which our young people are prepared to make. Let them come with colors flying, heads up, bodies erect, smiles on their faces,

and proud of the land that gave them birth. Certainly American youth has lost neither its independence nor its sense of humor. As a man from the mills, speaking to the young men and women of the Nation, I wish to go on record that they still have the American spirit, which I have loved and cherished all my days, and that they still believe in their homes, their country, their God, and their Government. They believe, and they stand willing to back up their belief, with intelligent, forward-looking action and a definite program of American citizenship.

SALUTE TO THE BRAVE

Mr. KING. Mr. President, in every part of the United States tributes are being paid to the brave and gallant people of Finland because of their heroic defense of the sacred soil of their country. There is unanimity in this Republic in the condemnation of the brutal and cowardly assaults which are being made upon Finland by Stalin and his Bolshevik forces. Indeed, in every democratic country, the view is entertained that Finland is fighting the cause of democracy against the forces of evil and autocracy. Many persons believe that civilization, as we understand the term, is being menaced by the Bolshevik regime, and that the danger to liberty and justice and civilization is perhaps greater than at many periods of world history.

If Hitler and Stalin should win, the democratic nations of Europe would be destroyed, and a system as cruel and reactionary as that which prevailed in the dark ages would be superimposed upon European nations, if not upon other peoples of the world. There are growing evidences of the solidarity of the Bolshevik and Nazi governments, and of the sinister purposes which unite them together, and of the hateful objectives which they seek to attain. It seems incredible that in this century, with the struggles, defeats, and victories of the past, with the advancement which has been made in many lands toward the summits of justice and moral and spiritual power, there should be those dangerous, dark, and ugly repercussions, which threaten democratic institutions, and civilization itself.

Bolshevism incarnates the most sinister and reactionary forces that have manifested themselves in ages of the past. Bolshevism is not only revolutionary; it is the destruction of the finest and best that can be found in life. It finds in Hitlerism and nazi-ism kindred spirits, and seeks association with them in order to achieve the objectives of both. Nazi-ism is not only a kindred spirit, but, to use common parlance, is a blood brother to Stalin and bolshevism; and so we find Hitler and Stalin—bolshevism and nazi-ism—linked together to destroy the finest and best in the world today, and to destroy democratic institutions and civilization in its highest form, and to subject the peoples of the world to the despotic rule of both.

Evidences are multiplying of the comradeship between Hitler and Stalin. If these evil forces prevail, not only will Finland be destroyed, but all democratic nations of Europe; and if Europe is brought under the rule of Stalinism and Hitlerism, then peoples in other lands, and governments in other parts of the world, may not escape. Austria has been destroyed; Czechoslovakia has been brought under the iron rule of Hitler; Latvia, Estonia, and Lithuania live under the shadow of the Soviet authority, and other nations in Europe are compelled to shape their external and internal policies to meet the threats and dangers which hang over them like a dark and ominous cloud. Not only is the peace of Europe disturbed, but throughout the world the specter of communism and nazi-ism is an ever-present source of grave apprehension.

Finland is fighting not only for the homes and lives of her people but for the cause of liberty and justice and civilization. She is carrying the banner which in many ages has been borne by brave and patriotic people who have been willing to sacrifice their lives in defense of justice and liberty and those ideals which have been the inspiration of the leaders of the world.

For a thousand years the Finnish people have occupied the land which we know as Finland. They are not Slavs,

nor have they the characteristics nor qualities of the Slavic race. Though for a short period Finland was regarded as a part of Russia, it never was Russian in spirit, in culture, religion, and ideals. It is an independent democratic nation possessing those qualities which find expression among the greatest and most progressive peoples in the world. Its independence was recognized by Russia, and treaties entered into by Finland and Russia recognized the territorial integrity and political independence of Finland and the Finnish people. Stalin now orders the destruction of this brave and chivalrous people. He has marshalled hundreds of thousands of the Bolshevik forces against a pitifully small army defending the Finnish Republic. Stalin is not carrying on a civilized war. He is resorting to the most fiendish and horrible methods ever conceived by man to destroy men, women, children, hospitals, homes, churches, and to blot out and destroy an entire people. There have never been more barbarous or savage methods of destruction employed by man than those directed against the Finns by Stalin and his unnumbered hordes. Stalin with his 180,000,000 people may destroy homes, churches, hospitals, and butcher the Finnish people, but among all civilized peoples of the world there will be resentment and a fierce spirit of anger that will increase in intensity as the years pass by. In this and in future ages monuments will be erected to the Finnish people, and the genius of man will be employed in depicting their courage and patriotism. The Finnish spirit will never die. It will inspire men and women in future ages who are struggling for justice and freedom to fight on against all foes in order that peace and justice and righteousness may become the inheritance of all.

Mr. President, I have received during the past few days a number of letters from various parts of the United States in which the writers, speaking for themselves and in some instances for others, indicate a desire to aid Finland not only in a financial way but to associate themselves with its military forces. A letter which I received this morning gives the names of more than a score of persons—pilots, gunners, machinists—who express a desire to immediately depart for Finland to there take part in the contest which is being waged. The same letter states that other persons are ready to follow those whose names were submitted for the same purpose. The letters which I have received, as well as statements appearing in the press, indicate the deep resentment which the American people have against the Bolsheviks because of their assault upon Finland. They also indicated a desire upon the part of many to proceed immediately to Finland, there to join with the Finnish forces in the defense of that country.

The example of the Finnish people has aroused more than the imagination of the American people. It has awakened in their hearts a profound admiration for those who are struggling to maintain their homes and their liberty. Finland is being regarded as a symbol of the highest and noblest attributes of man, of those who love justice and liberty. The Finns are regarded by the American people, and by Christians throughout the world, as the defenders of not only their country but of Christian civilization.

I have just finished reading an editorial in this morning's New York Times, entitled, "Salute to the Brave," which, because of its beauty and eloquence, should be read by all Americans and all who believe in liberty and in the triumph of justice and righteousness.

The closing sentence in the editorial is so lofty that I close these brief remarks by quoting it:

But of this we may be certain, after the experience of these weeks the struggle has not been in vain. In victory or defeat, in safety or disaster, Finland will remain a living symbol and a present influence on the affairs of men as long as liberty is cherished.

I shall not be satisfied by having the editorial appear at the close of my remarks. I send it to the desk and ask that it may be read by the clerk of the Senate.

THE VICE PRESIDENT. Without objection, the editorial will be read.

The legislative clerk read the editorial, as follows:

SALUTE TO THE BRAVE

For 77 days the Finnish Army, fighting with its back to the wall, has staved off the inevitable. There has never been any reason to believe that a nation of a few million people could prevail against an adversary many times its size unless it had assistance from its friends. The very courage of the Finns has tended to conceal this fact. Nothing can conceal it any longer. An enemy that can use its overwhelming superiority in the air to cripple lines of communication; an enemy that can throw literally hundreds of thousands of shells against a short front in a single day; an enemy that can bring up wave on wave of fresh troops from an almost inexhaustible stock of manpower—such an enemy cannot be held back forever. It is typical of the Finns that even after losing the first outposts of the only line that stands between them and destruction, they fight as gallantly as ever. But the Russians have served notice now of the preemptive force of numbers.

For 77 days the Finnish people, as well as the Finnish armies, have given a performance that entitles them to receive promptly, and not merely at the convenience of others, such help as the outside world is prepared to give them, whether that help takes the form of loans for "nonmunitions," munitions themselves, volunteers, or contributions for relief. No people ever came through a bitter ordeal with a finer record. From the start they faced the fact that the longer their armies fought and the more damage they did to the prestige of the invader the more terrible would be their punishment in defeat. They have not let that prospect rob them of their courage. They have not lost their fire or their self-restraint. To the bravery of their own troops they have responded with quiet sacrifice. To the cheap taunts and the vicious slander of the Kremlin they have replied with dignity. To the outside world they have given an example of democracy as every democrat must hope to find it in the hour of its trial—resourceful, self-reliant, generous, determined. The example humbles those who are forced to wonder whether their own faith could meet this cruel test.

Whether outside aid will come in time to turn the tide that now runs toward catastrophe only the future can reveal. But of this we may be certain, after the experience of these weeks: The struggle has not been in vain. In victory or defeat, in safety or disaster, Finland will remain a living symbol and a present influence on the affairs of men as long as liberty is cherished.

CREDIT NEEDS OF INTERMEDIATE-SIZE BUSINESS

Mr. MEAD. Mr. President, I desire to call to the attention of the Senate an article appearing in the current February issue of the Nation's Business on the subject of the credit needs of intermediate-size business entitled "The Plight of the Medium-Sized Business," and written by Mr. Roy A. Foulke. This is a most effective and convincing discussion of the credit needs of smaller enterprise in the United States.

The Nation's Business, official organ of the United States Chamber of Commerce, has not been in sympathy with many of the recently enacted social and economic measures designed to buoy up our national economic welfare. Therefore this article emphasizing the credit needs of intermediate-size business is all the more significant. It points clearly to the increasing realization on the part of all industrial and financial groups that some constructive and substantial proposal must be approved by Congress to meet the unsatisfied long-term credit requirements of small- and medium-size business.

I trust that this article will receive the attention of the Senate, and I ask to have it inserted in the Record for that purpose.

The VICE PRESIDENT. Without objection, the article will be printed in the RECORD.

The article is as follows:

[From Nation's Business for February 1940]

THE PLIGHT OF THE MEDIUM-SIZE BUSINESS

(By Roy A. Foulke)

Probably no enterprise has ever made such an extensive variety of loans as the Reconstruction Finance Corporation; loans to carry figs, prunes, butter, pecans, and cotton; loans to commercial banking institutions to forestall runs; loans to closed banks to bail out depositors; loans to build bridges and aqueducts; to railroads, insurance companies, building and loan associations, and public school authorities; loans where the funds have gone to meet pay rolls, to assist in refunding operations, and to build income-producing property.

These loans have ranged from \$27.50—a disaster loan to a blacksmith in Tennessee at the time of a flood—to \$208,500,000 to finance construction of a 240-mile-long aqueduct in Lower California. Over the 7-year period ending February 1, 1939, 7,371 loans totaling \$447,324,578 were authorized to business enterprises. Of these authorizations 2,720, or 37 percent, were for \$5,000 or less; 53 percent for \$10,000 or less, and 83 percent for \$50,000 or less.

From June 19, 1934, when Congress authorized the 12 Federal Reserve banks to extend credit for working capital purposes to established business enterprises, to December 29, 1938, the Federal

Reserve banks approved 2,653 applications for loans involving \$175,011,000. The smallest loan was \$300 to a small eastern retail grocer to replenish his inventory, and the largest was \$6,000,000 to an important middle-western industrial corporation. Approximately 23 percent of these loans were for \$5,000 or less, 37 percent for \$10,000 or less, and 77 percent for \$50,000 or less.

Practically all of the commercial and industrial business enterprises that applied to these two lending agencies were financially extended and unable to obtain any or sufficient credit accommodations from their depository banks.

LOANS FOR SMALL BUSINESS

In the past year it has been the small business enterprises that have received the fatherly attention and consideration of our national legislators. I have seen at least 14 bills which have been introduced into Congress providing that credit be made available, whether needed or not, with or without a 90-percent guarantee against loss by an agency of the Federal Government. Paternalism has been creeping up.

What is this organism that is so widely termed a small business enterprise? Is it a corner drugstore with a net investment of \$500, a wholesaler of candy with an invested capital of \$10,000, or a manufacturer of shoes with a tangible net worth of \$200,000, or all of them? The Securities and Exchange Commission has raised this question for investigation but, as far as I know, has come to no published conclusion.

In July 1939, there were 2,120,000 active commercial and industrial business enterprises in the United States; that is, concerns which manufactured, converted, assembled, imported, exported, wholesaled, and retailed merchandise, and concerns engaged in construction activity. That number does not include other types of concerns such as railroads, public utilities, banks or financial institutions, insurance companies, personal holding companies, professional men, or farmers.

Of these commercial and industrial business enterprises, 78.8 percent have a tangible net worth of \$10,000 or less. According to a recent estimate, approximately 67½ percent of all concerns in this entire group are retailers. For a modest portion of these retailers, bank credit is available. Most of them are restricted to the use of credit from their merchandise suppliers, with some additional credit obtained here and there when a piece of machinery, a refrigerator, or a showcase is bought on the installment basis.

Economic activity in a capitalistic system is based upon the existence of this tremendous number of small-business enterprises. It is also based upon the existence of a steady flow of concerns in and out of the group, the liquidation of tens of thousands of these enterprises each year as they are unsuccessful, and upon a similar ease in starting new ventures. There is no other way, at this stage of our economic development, to obtain the refined distribution of all kinds of merchandise into every community, except by a gigantic development in the consumer-cooperative movement, and that would put hundreds of thousands of small retailers out of business even if it might otherwise be desirable. It should also be kept in mind that it costs little to open a small retail store and that a substantial proportion of such concerns are operated from homes so that they take only part of the owner's time.

So I would stress the fact that small-business enterprises are those which have a tangible net worth of \$10,000 or less. They represent 78.8 percent of all active commercial and industrial concerns. It is hardly these business enterprises that are being considered when legislators, politicians, and economists talk about "small business." They are too small.

Now, on the other extreme, 2.5 percent of all commercial and industrial business enterprises have a tangible net worth of \$500,000 or more. It is between these two groups—concerns that have a tangible net worth more than \$10,000 but below \$500,000—which represent the business enterprises that have really been receiving the attention of Washington. The concerns within this bracket represent 18.7 percent of the active commercial and industrial business enterprises of the country.

CREDIT FOR MEDIUM CONCERNS

Over recent years a feeling has grown up that enterprises in this middle group have not been able to obtain adequate financing. The statement is, of course, a broad one. To analyze it, we must remember that there are really three broad types of credit: Short-term credit, long-term—also called intermediate—credit, and permanent credit, otherwise known as capital financing.

A concern in this intermediate-size group—that is, with a tangible net worth between \$10,000 and \$500,000—in need of short-term credit would always go to its bank. If the concern was financially healthy, it would have no difficulty in obtaining the loan. If it was not, the banker would try to obtain some form of adequate security so that it would be good business for his bank to make the loan.

In the past 3 to 5 years, progressive bankers have gone out of their way to find methods and techniques for making such loans safely and securely. If, however, no adequate basis could be arrived at, the concern could then go to the Reconstruction Finance Corporation or to one of the Federal Reserve banks as these institutions do not need or require the same degree of liquidity as local commercial banking institutions, and they have been and are able to extend loans to marginal risks.

The second type of credit is long-term credit. Here we have a different story. During the past 5 years, the larger commercial banks have shown a tendency to make what has come to be known as term loans, a banking policy previously considered unsound.

Term loans are a form of long-term credit. They run mostly from 3 to 5 years, although occasionally such a loan is granted for 10 years, generally reduced by annual or semiannual installments. Such loans have been made primarily by the larger commercial banks to outstanding, successful, nationally known corporations at low interest rates to retire funded obligations carrying higher rates, for plant expansion, and for working capital.

Concerns in the intermediate-size group have been able to obtain long-term funds in the form of mortgage money if they owned real estate and fixed assets acceptable to insurance companies, building and loan companies, or local savings banks. The market for mortgage money is freer than ever in our history. Few intermediate-size concerns have obtained "term loans" from their depository banks.

Loans for working capital purposes can, moreover, be made by Federal Reserve banks with the maturity up to 5 years and the Reconstruction Finance Corporation has made loans to business enterprises up to 20 years.

We are finally left with two problems, as far as financing is concerned, but they blend together. These two problems visualize:

1. The need for an organized market to provide intermediate financing, not short-term financing for 3 to 6 months for seasonal operations, but long-term financing for 2 to 20 years.
2. Permanent equity financing to develop profitable growing corporations in expanding industries.

These are the definite, positive needs to assist in solving many of our economic ills and they are needed, not for small business or big business, but for the enterprises sandwiched between these two groups and with tangible net worth between \$10,000 and \$500,000.

THE PROBLEM OF FINANCING

When we come to the problems of raising long-term money and permanent capital by issuing securities, we arrive at the crux of our economic dilemma, at the actual needs of business enterprises which, in turn, is the crucial point in our entire commercial and industrial system. The financing of successful intermediate-size corporations has largely dried up.

There are 8,000,000 unemployed in the United States. There are only two ways to get jobs for them—either the Government must give them jobs or private industry must do so.

For private industry to provide jobs the flow of investment money into business must be increased.

The larger, well-known national corporations that have profits ranging upward from \$200,000 a year have an organized market in normal times for raising funds by selling securities. The intermediate-size corporations, however, have no organized money market and have never had one.

Concerns that have a tangible net worth between \$10,000 and \$500,000 have obtained funds in the past largely from wealthy individuals and from affiliated concerns.

There is every indication, however, that wealthy individuals have been investing a steadily decreasing proportion of their funds in business enterprises of this character with the income-tax rates where they stand today in the higher brackets, and with the opportunity of investing in tax-exempt securities.

I have just said that there has never been an organized financing market to raise funds for concerns in this group. This is absolutely so, but there has always existed the chance that there would be some local public distribution of securities by concerns of this size. Where that has taken place, from time to time, the cost of raising funds has been high, and often after the security issue has been offered to the public it has been only partially sold.

A recent study shows the cost of raising money in 1937 by 118 industrial corporations for which comparable data was available to the Securities and Exchange Commission.

In this tabulation, mining corporations were omitted, as the cost of raising capital has been much heavier for these enterprises than for typical industrial corporations. Retail corporations have also been omitted as information on only 19 corporations in this category was available and, when that number was broken down into size categories, there were too few to give reliable information. No similar studies have been made covering 1938 or 1939 security registrations.

WHERE FINANCING IS EXPENSIVE

It is evident from this study that intermediate-size corporations selling bond issues of less than \$250,000 had to pay \$9.10 on the average for each \$100 bond sold; \$18.10 for each \$100 of preferred stock and \$18.10 for each \$100 common stock.

In contrast, we find that large corporations—not the biggest—which sold issues ranging in size from \$1,000,000 to \$5,000,000 paid \$5.60 for each \$100 of preferred stock and \$14 for each \$100 of common stock.

Where less than \$1,000,000 was raised by an issue of securities, the costs were materially higher than where more than \$1,000,000 was raised. Even in those few instances where intermediate-size corporations have raised long-term money or permanent capital from the public, the costs have been heavy.

Moreover, a study released by the Research and Statistics Section of the Trading and Exchange Division of the Securities and Exchange Commission last June indicated the extreme difficulty of smaller unseasoned issuers in marketing securities even with these heavier costs.

The study covered 584 issuers of this type that had registered \$321,000,000 of securities between July 7, 1933, and June 30, 1937. The conclusions were:

1. These issuers succeeded in selling only 23 percent of the securities registered within a year from the date the registration became effective.

2. About one-third of these 584 issuers did not attempt to or did not succeed in selling any part of the securities registered. The remaining 393 issuers reported sales equivalent to only 34 percent of the amount registered.

3. Going concerns were considerably more successful in selling their securities than were new ventures. Of the 393 issuers reporting any sales at all, the going concerns sold 44 percent of the amount registered while the new ventures sold only 27 percent.

4. Success or failure of these smaller issues was evidently determined within a relatively short period after registration. About 71 percent of the reported sales were made within 3 months after registration.

So, under the existing set-up of our economic structure, we find no organized facilities to provide long-term money or permanent capital to intermediate-size concerns.

Here is our outstanding fundamental American problem, our economic vacuum, and it is growing bigger and more important day by day.

RECIPROCAL-TRADE AGREEMENTS

Mr. LUCAS. Mr. President, the Chicago Daily Times is one of the influential newspapers published in the Midwest. I am informed that it has a circulation of approximately 400,000 rural and city readers.

On February 8 last there appeared in that daily newspaper an editorial entitled "They Can't All Be Wrong." The editorial deals rather realistically with one of the fundamental economic problems now before the Congress of the United States.

I ask the indulgence of the Senate for a few moments to read some of the telling and trenchant points made in this plain and understandable editorial dealing with reciprocal-trade agreements:

THEY CAN'T ALL BE WRONG

During the economic upheavals of the past 10 years, American economists, considered as a collective whole, have spent most of their time mounting a horse and riding off in all directions. On abandonment of the gold standard, the silver-purchase policy, Government deficits, social security, wage-hour laws, agricultural aids, taxation theories, securities-market regulations, and a dozen other subjects, they have disagreed with each other loudly and emphatically.

This does not necessarily indicate that economists, or a large part of them, are always wrong. All the golf pros in the Nation have violent disagreements as to the best golf form. But there are certain fundamentals, such as keeping the eye on the ball, holding the head down and steady, keeping the left arm straight, and following through, upon which all the pros agree.

So there are certain fundamentals upon which economists are so nearly unanimous that it is sheer folly to disagree with them. For example, 10 years ago practically every economist in the Nation warned that the Hawley-Smoot Tariff Act would be disastrous. And see what happened to our foreign trade in the years following passage of that monstrosity.

Last week W. W. Waymack, Des Moines editor of a staunchly conservative, Republican newspaper, and chairman of the National Economic Policy Committee, released the results of a poll taken among 530 leading American economists on the subject of Cordell Hull's reciprocal-trade treaties. The vote was 520 to 10—in favor of the Hull policy.

Digressing from the editorial for just a moment upon that poll, I say it is a remarkable thing to find 520 out of 530 economists in this Nation agreeing that the reciprocal-trade agreements should be continued at this session of Congress. I have had some experience with economists. I have witnessed them as they appeared before committees and in other activities throughout the Nation; and to find a majority such as the senior Senator from Illinois has presented to the Senate through the editorial agreeing upon any given fundamental proposition is, in my humble opinion, a marvelous tribute to the principles of the Hull trade agreements.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. LUCAS. I yield to the Senator from Tennessee.

Mr. McKELLAR. Is it not also true that in addition to the economists, the great body of the people of the Senator's State and of all our States agree with the principles of the Hull agreements?

Mr. LUCAS. I do not think there is any question about that, once the people of the country thoroughly understand and appreciate what the treaties are. That is one of the reasons why I am submitting this editorial here today, for the sole purpose of disseminating some information through the

CONGRESSIONAL RECORD, in order that the people may have a better understanding of what the economists of the country—who are at least presumed to know something about the fundamentals of a problem of this kind—are thinking about at this moment. What I hope is that independent, sincere, thinking citizens everywhere will give studious and thoughtful consideration to the vast policy of economics involved in these agreements. They affect us all.

The editorial continues:

Seldom has any governmental policy about which the facts are plain and indisputable been subjected to as much bald misrepresentation and misinterpretation as has the reciprocal-trade program. * * *

IT'S JUST A MATTER OF SIMPLE ARITHMETIC

The overwhelming endorsement given the trade treaties by the Nation's economists is easy to understand. The primary basis for the economists' approval is just elementary arithmetic. It is simply that you can't subtract something from nothing. If we try constantly to sell more abroad than we buy, it is only a question of time until we're trying to take something from nothing. That is, foreign nations don't have anything with which to pay us for our goods unless we pay them something by buying from them.

The second fact which the economists recognize is that since 1935 our exports to countries with whom we have reciprocal treaties have increased 60 percent, while to those countries with whom no such treaties exist, the increase in exports has been only 39 percent.

And finally the economists have seen that despite the reciprocal-trade treaties, in the past couple of years our excess of exports over imports has increased to new record highs. They know that unless that condition is arrested it cannot be long until our exports shrink up and disappear.

One does not need to be an economist to recognize these simple truths. Any sensible person can understand facts as elementary as these. And any citizen who does not have some selfish reason for desiring a monopolistic bar against imports can realize the utter folly of abandoning the policy laid down by Mr. Hull at this time.

OLD-AGE ASSISTANCE—NOTICE OF SPEECH

Mr. ANDREWS. Mr. President, last week I gave notice that on last Monday I should discuss Senate Joint Resolution 145, introduced by myself and the junior Senator from Massachusetts [Mr. LODGE] last June, and now on the Senate Calendar with a favorable report from the Senate Judiciary Committee.

The Senate did not convene last Monday, so I now give notice that on next Monday, prior to the calling of the calendar, I shall discuss the provisions of Senate Joint Resolution 145, relating to old-age assistance, as it may affect not only the economic life of the old people and our youth, but the social and economic life of all our citizens.

Several Senators have asked that I give this notice, and have expressed a desire to be present at the time of this discussion.

AMERICAN YOUTH

Mr. WILEY. Mr. President, in these trying times there is a dangerous growth of a "defeatist" philosophy in America. The growth of this philosophy parallels a growing dependence of the people on government.

Today my attention was directed to a very gratifying article indicating that the youth of America do not subscribe to this school of thought.

A special poll on the state of mind of a national cross section of high-school students who learned to read during the depression years has just been concluded by a professional publication sent to high-school teachers all over America. The results of this poll demonstrate the rising tide of a spirit of youthful American individualism. The poll reaffirms the faith of American youth in the future of democracy as opposed to governmental regimentation. In this poll the boys and girls of America restate their American heritage of initiative in their expression of preference for a job in private industry over a Government job. From every State in the Union came the ballots in this poll of youth asserting the independence of American boys and girls between the ages of 16 and 17.

In a day when elsewhere the youth of other lands are being prodded into the dreary lock step of war drills, it is a genuine thrill to know that in America our boys and girls have not given in to defeatism. Probably the finest heritage our youth can have is the unconquerable spirit of independence, of courage, and of confidence.

It is encouraging to know that the drab depression years have not taken the starch out of the next generation. This next generation is not a generation given to blind unreasonable idealism. It is a generation which has had its "ears pinned back" during the bitter rock-bottom years when its members learned to read—learned to read the sordid story of the vanishing paper profits of a bull market. But this generation has refused to become discouraged, knowing that America still possesses the great enduring values.

These are the sons and daughters of the "lost war generation." That their composite picture is one of courage and high expectations stems from the fact that they have confidence in themselves and in the future of the country.

Mr. President, I ask unanimous consent to have a thought-provoking article entitled "American Youth Is Still Full of Fight" inserted in the RECORD at this point as part of my remarks.

The VICE PRESIDENT. Without objection, it is so ordered.

The article is as follows:

AMERICAN YOUTH IS STILL FULL OF FIGHT—SCHOLASTIC POLL OF HIGH-SCHOOL STUDENTS' VIEWS ON PROBLEMS OF YOUTH AND OPPORTUNITY SHOWS STRONG FAITH IN AMERICA'S FUTURE

There is always someone ready to view with alarm the actions and opinions of the younger generation. The subject continues a favorite topic of conversation or gossip among the elders in spite of the fact that young people usually beat their elders to the gun with a "tsk, tsk, these deplorable youngsters!" Scholastic's frequent student opinion polls continue to prove that the high-school students of today have all the admirable characteristics symbolic of youth in every age: independence, courage, and confidence. And today's high-school students continue to typify the American spirit of individualism, faith in the future of our country, and determination to better themselves.

Many people wonder what the depression has done to today's high-school students. Has it destroyed the admirable attributes of youth? Has it taken the starch out of the younger generation? Scholastic received a resounding "No!" to these questions when it polled the state of mind of a cross section of high-school students and analyzed the answers to 7 questions on ballots filled out by 6,082 boys and girls. One thousand of the students were polled as groups; the other 5,000 filled out individual ballots. Ballots were obtained from every State and every type of community.

The Your State of Mind poll as published in Scholastic is reproduced below with the percentages showing how today's high-school students answered the questions. (The answers of boys to all questions were practically the same as the answers of girls. Also, the replies of students living in cities of over 100,000 population differed little from those responses coming from towns of less than 100,000 population.) In the same issue with the poll, we published an article by Dorothy Thompson entitled "Youth and Opportunity" in which she took young people to task for some of their attitudes, including their apparent unwillingness to take any job at hand. In the face of this very criticism, the high-school students admitted the truth of Miss Thompson's accusation; 62 percent said they were determined to hold out for jobs that include a living wage, a chance for advancement, or an opportunity to exercise their special talents.

AMERICAN YOUTH INDEPENDENT

But these same young people, by their answers to other questions, sharply challenged Miss Thompson's interpretation of their attitudes. Only 10 percent of them expressed the belief that Government jobs should be provided for young people until times improve, and 61 percent said that if they had trouble finding jobs they would blame themselves.

Furthermore, young people are quite aware of their independence. Only 16 percent of them believe that young people adopt and stick to their parents' opinions in political, social, and economic matters—and the remaining 84 percent say they intend to make up their own minds about these problems.

Only 44 percent said "Yes" when they were asked whether—because of present conditions—it is more difficult to get ahead today than at any other time. This percentage contrasts sharply with the 80 percent who gave an affirmative answer to the same question in the Y. M. C. A. poll of young people in New York City. The group responding to the Scholastic poll evidently believe that their chances for the future are good—so good that the Government need not provide for them—so good that the direction of their lives and the solution of their problems lie largely with themselves.

They have their own answer for the unemployment problem: 90 percent of them believe that the best cure for unemployed youth and for young people in dead-end jobs is further preparation. Of this 90 percent, 31 percent voted for more school and college, and 59 percent recommended expert vocational counsel.

The response to question 5, regarding where students will place the blame if they have difficulty in finding a job, was an enlightening revelation of their thinking. Sixty-one percent will be inclined to blame themselves on the grounds that they have not taken advantage of the training opportunities offered them. Only 1 percent will blame their parents for not guiding them toward the

proper field. Only 6 percent will blame their education for not teaching them the necessary skills. And, in spite of the constant talk of their elders, only 32 percent will blame an economic situation that has less than enough jobs to go around. Answers to this question show plainly that these young people are no generation of bellyachers. These young people have very little inclination to "let themselves off" in the final analysis.

FAITH IN AMERICA'S FUTURE

Some people will dismiss the convictions of high-school students as the blind idealistic thinking of people who "haven't had their ears pinned back" and who will change their minds soon enough when they come to grips with the outside world. Others will say the opinions are the result of little knowledge about present conditions.

It's quite true that these young people give Miss Thompson further proof that they are not in the market for just any job. Only 10 percent of them will take a dead-end job, and only 25 percent will take a routine job with a chance to learn skills. The remaining 62 percent ask much of the job they seek for themselves in the future: 44 percent say that it must give them a chance for advancement and a living wage, and 18 percent say that they will take only a job in which they can exercise their special talents.

But we're inclined to think that these high expectations stem from the fact that American young people have confidence in themselves, place real value on their talents, and have faith in the future of their country. We also see, in this attitude of young people, an affirmation of the traditions of American independence and democracy. The right to a choice. A refusal to be regimented. In effect, an encouraging example of the privileges of democracy which Miss Thompson champions so effectively.

Nor can we believe that these young people are ignorant of the Nation's problems. They are between 16 and 17 years of age. Having learned to read during the depression, they could not escape the constant publicity given to our Nation's problems in the press, the newsreels, over the radio, and in the schoolrooms. Then, too, many of them have faced hardships as children of the unemployed.

The church will look with concern upon the 85 percent who feel that they are guided less by religion than their parents were. The normal impression would be that the large cities are less religious than the more rural areas; but, according to our poll, exactly the opposite is true. Eighty-five percent of students in towns under 100,000 said that they were less guided than their parents by religion; in cities over 100,000 the percentage dropped to 82 percent.

But, generally speaking, the composite portrait of American youth which this poll paints for us is a pleasant one. Courage, high expectations, determination, and a willingness to take responsibility are the keynotes of high-school thinking. And, if the students who show these qualities are due for some disappointments in the future, we believe this very poll proves they will be able to take the blows, and bounce back, because they've plenty of gumption.

HERE'S WHAT YOU THINK—RESULTS OF THE POLL

1. Do you think young people are guided more or guided less by religion than their parents were? (Check below.)

- (a) More: 10 percent.
- (b) Less: 85 percent.
- (c) Don't know: 5 percent.

2. Which of the following do you believe would be of the greatest value to unemployed young people or those in dead-end jobs?

- (a) More school or college: 31 percent.
- (b) Expert vocational advice: 59 percent.
- (c) Government jobs until times improve: 10 percent.

3. Check below the statement which seems to you closer to the truth:

- (a) Because of present conditions, ability no longer offers assurance of success: 44 percent.
- (b) Young people with ability are finding it no more difficult today than at other times to get ahead: 56 percent.

4. Which of the following statements do you believe is closer to the truth:

- (a) Young people adopt and stick to their parents' opinions on political, social, and economic matters as much as they ever did: 16 percent.
- (b) Young people tend to make up their own minds about these matters today: 84 percent.

5. Which of the following statements is closest to the truth in your case:

- (a) When I am finished with my education, I will willingly accept any job, even a dead-end one: 10 percent.
- (b) I will be willing to take a routine job that offers nothing but a chance to learn skills, even if I do not like the work: 28 percent.
- (c) I will take only a job which offers chance of advancement and a living wage: 44 percent.
- (d) I will take only a job in which I can exercise my special talents: 18 percent.

6. If I have trouble in finding a job, I will be inclined to blame:

- (a) My education, which has not taught me the necessary skills: 6 percent.
- (b) The present economic situation, which does not offer enough jobs to go round: 32 percent.
- (c) My elders, because they have not guided me to train for a field in which there are still openings: 1 percent.
- (d) Myself, because I have not taken advantage of the training opportunities offered me: 61 percent.

7. Do you believe your generation shows a lack of ideals and a lowering of standards that affect your attitude toward employment?

- (a) Yes: 25 percent.
- (b) No: 58 percent.
- (c) Don't know: 17 percent.

APPROPRIATIONS FOR THE TREASURY AND POST OFFICE DEPARTMENTS

Mr. GLASS. Mr. President, I move that the Senate proceed to the consideration of House bill 8068, which is the appropriation bill for the Treasury and Post Office Departments.

The motion was agreed to; and the Senate proceeded to consider the bill (H. R. 8068), making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1941, and for other purposes, which had been reported from the Committee on Appropriations, with amendments.

Mr. GLASS. Mr. President, I ask unanimous consent that the formal reading of the bill be dispensed with, that the bill be read for amendment, and that the committee amendments be first considered.

The VICE PRESIDENT. Is there objection? The Chair hears none. The clerk will state the first amendment of the Committee on Appropriations.

The first amendment of the Committee on Appropriations was, under the heading "Title I—Treasury Department—United States Processing Tax Board of Review," on page 20, line 21, after the numerals "1936", to insert "as amended,"; so as to read:

Salaries and expenses: For salaries and expenses of the Board of Review established by section 906 of the Revenue Act of 1936 for review of the disallowance by the Commissioner of Internal Revenue of claims for refund of processing taxes filed under title VII, Revenue Act of 1936, as amended, including personal services and rent in the District of Columbia and elsewhere, stationery and office supplies, equipment, furniture, mechanical devices, law books and books of reference, press releases, trade journals, periodicals, and newspapers, contract reporting services, telegraph and telephone services, postage, freight, express, printing and binding, notarial fees, travel expenses, and such other miscellaneous expenses as may be authorized or approved by the Secretary of the Treasury for the work of this Board, \$145,000.

The amendment was agreed to.

The next amendment was, under the subhead "Coast Guard," on page 26, line 18, after the word "signals" and the semicolon, to strike out "not to exceed \$100,000 for the acquisition of a site and commencement of construction of the station authorized by the act approved June 29, 1936 (49 Stat. 2031);"; on page 29, line 16, after the word "heading", to strike out "\$11,260,000" and insert "\$11,160,000", and in line 17, after the word "item", to strike out "\$10,225,000" and insert "\$10,125,000"; so as to read:

General expenses, Coast Guard: For fuel, lubricating oil, illuminants, kerosene, and water; the furnishing of heat, light, and power (service) for vessels, shore stations, depots and offices; outfits, including necessary supplies and equipment, medals, newspapers, technical books and periodicals, and library books for shore stations and vessels; rental of mechanical accounting machinery and other equipment; repairs to portable equipment at shore units; ship chandlery, engineers' stores, draft animals and their maintenance; purchase (not to exceed \$5,000), exchange, maintenance, operation, and repair of motor-propelled passenger-carrying vehicles for official use at headquarters and in the field; the rebuilding, repairing, maintenance, and incidental expenses of shore stations, including lighthouses, lights, beacons, and other fixed aids to navigation, radio stations, depots and offices; temporary leases and rentals; improvement of property for Coast Guard purposes, including rental or use of additional land where necessary and the purchase of land for beacons, day marks, and fog signals; repairs to Coast Guard vessels, boats, and aircraft, including cost of salvage operations when incident to the repair thereof; repair, maintenance, and operation of vessels forfeited to the United States and delivered to the Treasury Department under the terms of the act approved March 3, 1925 (27 U. S. C. 41); coastal communication lines and facilities and their maintenance, and communication service; establishment, maintenance, repair, and improvement of post lights, buoys, submarine signals, fog signals, beacons, day marks, and other aids to navigation; construction of necessary outbuildings, including oil houses at light stations, at a cost not exceeding \$2,500 at any one light station in any fiscal year; wages of persons attending post lights; temporary employees and field force while engaged on works of general repair and maintenance, and laborers and mechanics at lighthouse depots; rations and provisions, or commutation thereof, for working parties in the field, officers and crews of light vessels and tenders, and officials and other authorized persons of the Coast

Guard on duty on board of such tenders or vessels, but money accruing from commutation of rations and provisions for the above-named persons on board tenders and light vessels or in working parties in the field may be paid on proper voucher to the person having charge of the mess of such vessel or party; not exceeding \$3,500 for packing, crating, and transporting personal household effects of employees, not to exceed 6,000 pounds in any one case, when transferred from one official station to another for permanent duty; purchase of rubber boots, oilskins, rubber gloves, goggles, and coats, caps, and aprons for steward's department on vessels; fuel, light, and rent of quarters where necessary for keepers of light-houses; traveling expenses of teachers while actually employed by States or private persons to instruct the children of keepers of lighthouses; not to exceed \$1,500 for traveling expenses of new appointees from ports of embarkation in the United States to first post of duty at isolated light stations in districts outside the continental limits of the United States, and not to exceed \$2,500 for the transportation of the children of lighthouse keepers at isolated light stations where necessary to enable such children to attend school, as authorized by the act of May 13, 1938 (52 Stat. 353); necessary traveling expenses of lighthouse keepers at isolated stations incurred in obtaining medical attention as authorized by the act of February 25, 1929 (45 Stat. 1261); purchase of provisions for sale to Coast Guard personnel at isolated stations, and the appropriation reimbursed; contingent expenses, including subsistence and clothing for shipwrecked and destitute persons succored by the Coast Guard, and including reimbursement, under rules prescribed by the Secretary of the Treasury, of Coast Guard personnel who furnish from their personal stock subsistence and clothing to such persons; subsistence of prisoners while in the custody of the Coast Guard; instruments, apparatus, and services necessary to the carrying on of scientific investigation, and not to exceed \$4,000 for experimental and research work; motion-picture equipment (not to exceed \$30,000) and material for official purposes; care, transportation, and burial of deceased officers and enlisted men, including those who die in Government hospitals; apprehension of deserters; wharfage, towage, freight, storage, advertising, surveys, entrance fees in matches for the rifle team and special equipment therefor; not to exceed \$2,500 for contingencies for the Superintendent, United States Coast Guard Academy, to be expended in his discretion; payment of rewards for the apprehension and conviction, or for information helpful to the apprehension and conviction, of persons found interfering, in violation of section 6 of the act of May 14, 1908 (33 U. S. C. 761), with aids to navigation maintained by the Coast Guard; and all other necessary expenses which are not included under any other heading, \$11,160,000 (composed of "A" item, \$10,125,000, and "B" item, \$1,035,000);

The amendment was agreed to.

Mr. McKELLAR. Mr. President, I think I should explain a few of the changes which have been made in the bill.

The amount of the bill as it passed the House was \$1,032,154,612. The net increase recommended by the Senate committee was only \$629,503, and \$400,000 of that increase was due to an item which had been furnished by the Budget and recommended by the President, which came in after the House had passed the bill and was not considered by the House at all, the item being an item of \$400,000 for putting another machine in the air-mail clipper service between America and Europe, which I will explain in just a moment.

The amount of the bill as reported by the Senate committee is \$1,032,784,115, which, as I have stated, is only \$629,503 more than the amount appropriated by the House.

The amount of the regular and supplemental estimates for 1941 was \$1,044,000,000, in round figures, and the amount of the appropriation for 1940, in the Post Office and Treasury appropriation bill, was \$1,772,000,000. The increase appears to be very large, but it is not as large as it seems to be, for the reason that \$580,000,000 for social security, which is appropriated as a social-security fund, has by previous law been made a continuing appropriation, and that item is not contained in the bill before us.

There are two departments covered by the pending bill, the Treasury Department and the Post Office Department, and the appropriations for the Treasury Department are under the appropriations for 1940 by \$739,000,000, in round figures. The appropriation is under the estimate for 1941 by \$11,262,000. The total appropriation for the Treasury under the bill as passed by the House was \$218,691,000, and as reported to the Senate is \$218,652,000, in round figures.

The regular estimates for 1941 amounted to \$226,748,000, in round figures. The bill as reported to the Senate is \$8,096,647 under the estimates; and it is \$759,905,530.05 under the appropriations for 1940. But it must be remembered that from that must be taken the \$580,000,000 of social-security funds.

There are perhaps only half a dozen amendments to the Treasury appropriation bill. There are fewer amendments made by the Senate committee than in the case of any bill with which I have had anything to do in the 21 years I have been a member of the Committee on Appropriations. The bill not only carries less than was appropriated last year, but less than the estimates, and it seems to me it is a very excellent bill.

As to the Post Office appropriation bill, the amount appropriated by the House was \$813,463,082, and there have been increases by the Senate committee of \$669,000, and the amount as reported to the Senate is \$814,132,082, instead of \$813,463,082, as passed in the House.

The amount of the regular and supplemental estimates for 1941 was \$817,000,000, in round figures. The amount of the appropriations last year was \$794,000,000, in round figures. Therefore the post office bill is under the estimates for 1941 by \$3,165,000, in round figures, and it exceeds the appropriations for 1940 by \$20,000,000.

Now I come to the several items which constitute the changes. The first one is an item in the appropriation for the Procurement Division, which has been added by the Senate committee, amounting to \$60,503. They asked for a great deal more, and the testimony before the committee called for a great deal more, but the item of \$60,503 was added to the bill by the Senate committee because there have been employed in that office—which, by the way, is a very busy and a very efficient office—a number of temporary employees, paid out of relief funds and other special funds. The \$60,503 is merely to continue those employees permanently, and it was shown that they were needed.

The next item is one in which the Senator from Connecticut [Mr. MALONEY] is interested, and we need not discuss that. It was decided to send it to conference for reasons which will be explained later.

The next item is a decrease of \$100,000. This is an item which the House inserted, for the construction of a Coast Guard Station on Lake St. Clair, Mich., amounting to \$100,000. After learning all the facts, the committee was of the view that that item should be stricken out, and therefore an appropriation of \$100,000 was stricken out.

So the Treasury appropriation bill comes before the Senate calling for appropriations \$39,000 lower than those agreed to by the House.

In the Post Office appropriation bill there were several items of increase, to which I shall now refer.

In the office of the Second Assistant Postmaster General work has been in progress in addition to the regular work the assistant superintendent had been doing for some time, and a requisition was made for an extra clerk at \$2,600. On the showing made before the committee, it was determined to allow this extra clerk in the office of the Second Assistant, and that increase of \$2,600 was allowed.

The office of the Solicitor of the Post Office Department has to do with the prosecution of mail fraud cases, and it is a very busy division of the Post Office Department. As these frauds have been on the increase, and the office is behind in its work, they are asking for an increase of \$25,000 for the employment of several additional lawyers and stenographers.

Mr. McNARY. Mr. President, will the Senator yield?

Mr. McKELLAR. I yield.

Mr. McNARY. It has been my observation that most of the departments and bureaus of the Government are "over-lawyered." I am curious to ascertain how many lawyers this office has now.

Mr. McKELLAR. In just a moment I will get the figure. Does the Senator mean the whole Department?

Mr. McNARY. No; in the Division about which the Senator is now speaking.

Mr. McKELLAR. I will have the figure for the Senator in just a moment. The committee felt that what was asked for was too much, and they allowed only 3 extra employees, whereas about 11 were requested.

Mr. McNARY. What compensation did the committee allow?

Mr. McKELLAR. The total was \$8,020 for all three; one at \$3,800, one at \$2,600, and a third at \$1,620. I think that was less than one-third of what was requested.

Mr. McNARY. Was this matter brought to the attention of the House committee?

Mr. McKELLAR. I think it was, and the House disallowed it. The Senate committee allowed the item in the sum of \$8,020.

Mr. McNARY. Was there a Budget estimate for it?

Mr. McKELLAR. Oh, yes. Another item, a small one, relates to the Bureau of Accounts, an item of \$2,080. That was due to a mistake made by the House committee, I am informed.

In the office of the First Assistant Postmaster General there was an additional item of \$100,000. That was for miscellaneous items in the Post Office Department. There are over 4,000 post offices which made necessary that requirement, and we thought the evidence sustained the request, and the committee allowed it.

The next item is one of \$400,000, which is the largest item in the bill. That is for the purpose of adding an airplane to the clipper service.

Mr. CLARK of Missouri. Mr. President, will the Senator yield?

Mr. McKELLAR. I yield.

Mr. CLARK of Missouri. Where is that ship to fly?

Mr. McKELLAR. It is going to fly across the Atlantic Ocean from the American coast. It depends on the weather as to when it will fly and where it will fly.

Mr. CLARK of Missouri. Will it stop at Bermuda?

Mr. McKELLAR. No; the purpose is not to have it stop at Bermuda. That is one of the purposes.

Mr. CLARK of Missouri. Let me ask the Senator, then, if the purpose is not to have it stop at Bermuda, would the Senator have any objection to an amendment withholding any part of this \$400,000 from aircraft which do stop at Bermuda, except in case of a forced landing?

Mr. McKELLAR. I think that would be unwise, and I think, when the Senator hears what the situation is, he will agree with the statement that it would be unwise to insert such an amendment in the bill.

Mr. CLARK of Missouri. In the operation of these clipper ships the carriage of mail is for the convenience of the inhabitants of Bermuda and the British Government, and for the convenience of the tourist trade, as well as for the improvement of the mail service generally; and it is true, is it not, that the British authorities have stopped American aircraft, even those carrying American ambassadors, holding them up more or less indefinitely, rifling the mail, confiscating what portion of it they please to confiscate? The State Department has protested at some length against that practice.

Mr. McKELLAR. All of that is true.

Mr. CLARK of Missouri. It seems to me Congress should not at this time be going ahead appropriating money for an extension of the very service interference with which we are protesting.

Mr. TAFT. Mr. President—

The PRESIDING OFFICER (Mr. JOHNSON of Colorado in the chair). Does the Senator from Tennessee yield to the Senator from Ohio?

Mr. McKELLAR. If the Senator will permit me to make an explanation of the matter, I shall be glad then to yield.

The Atlantic clipper service of the Pan American Airways was actually begun under the authorization of Congress last July. For the first 5 months it did not pay; they were just getting the service instituted, and naturally it did not pay as much as the so-called subsidy provides. But in December it did pay, and paid quite a sum. It paid in the neighborhood of \$250,000, as I recall.

In January there have been stoppages and difficulties of several kinds. The ships have been stopped at Bermuda,

which has delayed the service and, of course, interfered with the business.

In addition to that, the very cold weather in the North Atlantic required the ships to go south, and some of them have left from Miami and some have landed at Miami.

It may be that more of the trips will have to be made from southern ports, but it is believed from the evidence which came before us that these trips may be made from New York and even from Norfolk direct to the Azores, which are under the control of Portugal. I think from the evidence it was shown that the distance is about 2,200 miles, and it is believed that these clippers, especially the new ones, can make the trip directly from New York to the Azores.

I will say to the Senator from Missouri if that is done there will be no question of examination of mails or anything else against which our Secretary of State has protested and against which the American people generally have protested.

In the next place, the service has been remarkably successful, although the Atlantic Ocean is probably the most turbulent ocean of all, especially the North Atlantic. Although this clipper service has been in existence now for nearly 7½ months, there have been no accidents of any kind, and I hope to Heaven there will not be. The service seems to be conducted in a very safe and efficient manner.

It is believed by those who testified before the committee that instead of being an expense to the American Government, certainly by next July the service would show a profit to the Government. In view of the fact that the service has been so successful, so necessary, so popular, and that so many people use it both as a passenger service and a mail service, and especially because of the fact that the mail service is increasing all the time, an additional ship is desired. Witnesses appeared before the Budget Director, and the Budget Director recommended an additional ship, which would cost initially \$400,000, and that is where the \$400,000 increase, the principal increase, is made.

I hope that explanation will be satisfactory to the Senator from Missouri and to other Senators.

I now yield to the Senator from Ohio [Mr. TAFT].

Mr. TAFT. Mr. President, I do not think any assurance was given that these ships could be flown from this country to the Azores without stopping at Bermuda. Certainly nothing of that kind appears in the Senate hearings. My impression is that while they hoped to be able to do it, there was no assurance of that kind. Of course, they can fly direct to the Azores by the northern route from Newfoundland, but there you would have the question, of course, of the mail being censored in Newfoundland. You would have another British stopping place there.

Mr. McKELLAR. Yes. I will say to the Senator I have been informed since this matter was before the committee that it is not only hoped, but it is believed the trip from New York to the Azores directly can be made. I hope very much that it can be made, and I think we should do all we can to provide that service.

Mr. KING. Mr. President, will the Senator yield for a question?

Mr. McKELLAR. Yes; I yield.

Mr. KING. In view of the turbulent conditions in Europe and the uncertainty of our ships being permitted to land at ports where it might be advantageous for them to land, does the Senator believe it is necessary at the present time to authorize another ship at the expense of the Government for what is in the nature of an experiment?

Mr. McKELLAR. It is hardly an experiment at the present time. Concerning the place of landing of the ship, let me say there is more uncertainty about the place of starting and landing on our own shores than there is on foreign shores, because it is very thoroughly believed that the airships, and especially this new airship, can go to the Azores. If the new airship goes to the Azores they will all go to the Azores, and thus avoid conflicts of the kind mentioned by the distinguished Senator from Missouri a few minutes ago.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. McKELLAR. I yield.

Mr. CONNALLY. The landing of these ships at Bermuda is not simply for the benefit of the people who live in Bermuda. It is for the accommodation of United States citizens who want to go to Bermuda and come back from Bermuda.

Mr. McKELLAR. Yes; that is true.

Mr. CONNALLY. And I do not think that the Senate should act directly as a result of irritation, because of the fact that occasionally the mails are inspected.

Mr. McKELLAR. Oh, that is not the question at all.

Mr. CONNALLY. I understand the Senator is not raising it; but it is the question of the Senator from Missouri and others who are insisting that the ships not be permitted to land at Bermuda if they carry mails and the mails are examined by British authorities. It seems to me we ought not to cripple a service, if it is a necessary or desirable service, simply because the British inspect some mails.

Mr. McKELLAR. The Senator is entirely correct.

The next item is for an increase in the Star Route Service to the extent of \$50,000. Under the orders of the Interstate Commerce Commission certain short lines of railroad are being discontinued. Where that occurs it is necessary to have a mail route, and a star mail route is provided instead of the former railway-mail route.

The next item of \$55,000 is for the purpose of securing a larger vessel for service in the Aleutian Islands. We have a vessel there which carries the mail to various islands off the coast of Alaska. The boat we have now for that purpose is not large enough to carry, with reasonable comfort and in sufficient number, those passengers who want to use it to go from one island to the other.

A very strong appeal was made not only by the Delegate from Alaska but by the post-office authorities themselves, and the committee felt that since these islands were a long distance away, and were under our control, and inasmuch as there were 8,000 or 9,000 people living on those islands, they ought to have this facility, especially as it would mean the addition to the bill of only \$55,000. For that reason the item was added.

Another item, and the last item that needs to be mentioned, is one for rent, light, fuel, and water in the office of the Fourth Assistant Postmaster General. The item was increased by \$50,000 because the officials of that Department came before the committee and said it was absolutely necessary to have that amount in order to do the work required by law, and for the payment of rent of buildings used by the postal service in various parts of the country.

I again say that there are fewer changes in this bill than in any bill carrying post-office appropriations that has come from the House in a long time, and I hope the Senate will agree to them. I ask that the amendments be stated.

Mr. McNARY. Mr. President, will the Senator yield?

Mr. McKELLAR. I yield.

Mr. McNARY. I am curious to know if the able Senator has the data which I sought a few minutes ago?

Mr. McKELLAR. There are 16 attorneys in the Solicitor's Office of the Post Office Department. As the Senator knows, that office investigates cases involving the use of the mails to defraud. Many cases arise throughout the country from the use of the mails to defraud. Quite a number of lawyers are required to do the work.

I think the Senator is correct in his position. We probably have all the lawyers that are necessary, if they were properly distributed in the Government. The witness who appeared before the committee and presented the facts made a very excellent case. If the Senator will look through the hearings I feel sure he will agree that the three additional employees that were allowed, the stenographer and the two extra lawyers, represent a proper allowance to be made, and we will take it to conference and thresh it out with the House if the Senator from Oregon is willing.

Mr. McNARY. Mr. President, I am frank to observe that we have in the departments and bureaus here a surplus of

lawyers receiving large compensations, who are unable to do more than make a living in their own home towns. In this particular instance I shall let the item go by, because I am not prepared to meet it. But I expect to give some attention along that line in connection with the other appropriation measures.

Mr. McKELLAR. I hope the Senator will.

Mr. McNARY. Will the Senator address himself for a moment to the amendments found on page 40? I am not conversant with the items or the reasons for the changes, but I shall have to suggest the absence of a quorum when we reach those amendments, because there is some opposition to the change that is manifest in the attitude of the Senate committee in overturning the position of the House.

Mr. McKELLAR. The Senator from Connecticut [Mr. MALONEY] is also interested in that particular matter. Let me explain why the amendments were made.

Mr. McNARY. Just a moment, please. I have no knowledge of the subject, but I think we can save a little time. I know that two Senators wish to oppose the amendment. I am just saying that I shall suggest the absence of a quorum when we reach that point, and then the Senator can make his explanation. I do not ask for it myself.

Mr. McKELLAR. It is a very simple thing.

Mr. McNARY. Very well, if the Senator desires, he may proceed.

Mr. McKELLAR. Let me make the explanation at this point. The language is as follows:

No part of any money appropriated by this or any other act shall be used during the fiscal year 1941 for the purchase of any standard typewriting machines, except bookkeeping and billing machines, at a price in excess of the following for models with carriages which will accommodate paper of the following widths, to wit: Ten inches (correspondence models), \$70.

And so on through the list. We asked the procurement officers who testified before the committee what prices they paid for these machines.

It seems that they are all now secured through the procurement office. The witness said that the highest price was paid in each particular. In other words, while he did not claim so, the committee was of the opinion that under the language of the bill the price was fixed at the highest price; namely, at \$70 for the first one, and \$75 for the next one, \$77.50 for the next one, and \$82.50 for the next one. The highest price named in the statute was always fixed for them. In other words, the Congress itself fixes the prices at which these machines are bought.

After consideration the committee reduced each of those classes by the sum of \$10, for the purpose of taking it to the Senate and to the House, so that the committee could find out just what the facts were, so the matter could be dealt with intelligently. We did not have the information on which to act, and could not do other than take the matter to conference and work it out there, if it needed to be worked out. If these are reasonable, proper, and advantageous prices, considering the cost of material and the cost of manufacture, they should be left as they are. That was the suggestion that was made in the committee. When the item is reached, of course, I shall be very happy to have a quorum call and let any Senator who wishes to make an explanation do so.

Mr. President, I ask unanimous consent that the report of the committee be printed at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

The report is as follows:

Report (No. 1205) to accompany H. R. 8068

The Committee on Appropriations, to whom was referred the bill (H. R. 8068) making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1941, and for other purposes, report the same to the Senate with various amendments and present herewith information relative to the changes made.

Amount of bill as passed House.....	\$1,032,154,612.00
Increase by Senate (net).....	629,503.00

Amount of bill as reported to Senate.....	1,032,784,115.00
Amount of regular and supplemental estimates for 1941.....	1,044,046,512.00

Report (No. 1205) to accompany H. R. 8068—Continued
 Amount of appropriations for 1940..... \$1,772,577,527.05
 The bill as reported to Senate:
 Under the appropriations for 1940..... 739,793,412.05
 Under the estimates for 1941..... 11,262,397.00

Treasury Department bill, title I:
 Amount as passed House..... 218,691,530.00
 Amount of reductions by Senate (net)..... 39,497.00

Amount of bill as reported to Senate..... 218,652,033.00
 Amount of regular estimates for 1941..... 226,748,680.00
 Amount of appropriations for 1940..... 978,557,563.05
 The bill as reported to the Senate:
 Under the estimates for 1941..... 8,096,647.00
 Under the appropriations for 1940..... 759,905,530.05

Post Office bill, title II:
 Amount as passed House..... 813,463,082.00
 Increase by Senate..... 669,000.00

Amount of bill as reported to Senate..... 814,132,082.00
 Amounts of regular and supplemental estimates for 1941..... 817,297,832.00
 Amount of appropriations for 1940..... 794,019,964.00
 The bill as reported to the Senate:
 Under the estimates for 1941..... 3,165,750.00
 Exceeds the appropriations for 1940..... 20,112,118.00

The changes in the amounts of the House bill recommended by the committee are as follows:

TREASURY DEPARTMENT INCREASES AND LIMITATIONS

Procurement Division:
 Salaries and expenses..... \$60,503.00

Typewriters: It is recommended by the committee that the following language be stricken from the bill:

"Ten inches (correspondence models), \$70; 12 inches, \$75; 14 inches, \$77.50; 16 inches, \$82.50; 18 inches, \$87.50; 20 inches, \$94; 22 inches, \$95; 24 inches, \$97.50; 26 inches, \$103.50; 28 inches, \$104; 30 inches, \$105; 32 inches, \$107.50; or, for standard typewriting machines distinctively quiet in operation, the maximum prices shall be as follows for models with carriages which will accommodate paper of the following widths, to wit: 10 inches, \$80; 12 inches, \$85; 14 inches, \$90; 18 inches, \$95."

And the following inserted in lieu thereof: "Ten inches (correspondence models), \$60; 12 inches, \$65; 14 inches, \$67.50; 16 inches, \$72.50; 18 inches, \$77.50; 20 inches, \$84; 22 inches, \$85; 24 inches, \$87.50; 26 inches, \$93.50; 28 inches, \$94; 30 inches, \$95; 32 inches, \$97.50; or, for standard typewriting machines distinctively quiet in operation, the maximum prices shall be as follows for models with carriages which will accommodate paper of the following widths, to wit: Ten inches, \$70; 12 inches, \$75; 14 inches, \$80; 18 inches, \$85."

The effect of this amendment is to reduce by \$10 the maximum prices which the Government has heretofore paid for different models of typewriters.

Strategic and critical materials: It is recommended by the committee that \$5,000,000 of this appropriation be made immediately available.

Total increase, Treasury Department..... 60,503.00

DECREASE

Coast Guard:

General expenses:

Construction of Coast Guard station on Lake St. Clair, Mich..... 100,000.00

Net decrease, Treasury Department..... 39,497.00

POST OFFICE DEPARTMENT INCREASES AND LIMITATIONS

Salaries in bureaus and offices:
 Office of the Second Assistant Postmaster General..... 2,600.00
 Office of Solicitor..... 8,020.00
 Bureau of Accounts..... 2,880.00
 Total, salaries in bureaus and offices..... 13,500.00

POST OFFICE DEPARTMENT—Continued

Office of the First Assistant Postmaster General:
 Miscellaneous items, first- and second-class post offices..... \$100,000.00
 Foreign air-mail transportation:

To provide for an additional trip per week on the trans-Atlantic air-mail route (covered by a supplemental estimate contained in H. Doc. 588)..... 400,000.00

Total, office of the First Assistant Postmaster General..... 500,000.00

Office of the Second Assistant Postmaster General:
 Star Route Service..... 50,000.00
 Powerboat service:

To enable the contractor on the route from Seward via Kodiak Island, the Alaskan Peninsula, the Aleutian Islands, and points on Bristol Bay, Alaska, to provide a boat of sufficient size to meet the passenger needs of these communities..... 55,500.00

Foreign-mail transportation:
 It is recommended by the committee that the following language be added to the bill:
 "(a) A meeting of a technical committee for transit of the Universal Postal Union, \$5,000, to be immediately available, (b) a special Congress of the Universal Postal Union, \$10,000."

This provision does not increase the amount of the appropriation but merely restores the authority to expend from the appropriation the amounts stated for expenses of delegates to attend (a) a meeting of a technical committee and (b) a special congress.

On account of the European war, of course, the meeting of the technical committee has been postponed, and it is presumed that it will not be held until after the war is over. The special congress is contingent upon the meeting in question. Without doubt, these two items were eliminated upon the assumption that the meeting and congress cannot be held within the time that the appropriation would be available. However, if the war should be terminated within a year or longer it is quite possible that the authority would be needed. If the war in Europe continues, it will not be used.

Total, Office of Second Assistant Postmaster General..... 105,500.00
 Office of Fourth Assistant Postmaster General:
 Rent, light, fuel, and water..... 50,000.00
 Total increase, Post Office Department..... 669,000.00

Total increase, Treasury and Post Office Departments..... 729,503.00
 Total, decrease..... 100,000.00

Net increase..... 629,503.00

Amount of bill as reported to Senate..... 1,032,784,115.00

Mr. LODGE. Mr. President, the bill contains the same provision which has been carried for the past year with respect to the use of jute and cotton twine in the Post Office Department. I have no intention of endeavoring to change that provision. However, I should like the opportunity of making a very brief statement so that the latest figures regarding the relative cost of the two types of twine may be printed in the RECORD.

An analysis of the actual cost of jute twine purchased in the fiscal years 1930 to 1939, compared with the cost of cotton twine, indicates that in those 10 years a saving of \$1,126,337 was obtained, or an average annual saving of almost \$115,000, as compared with what the cost would have been had cotton twine been used.

The average cost of cotton twine was \$201.28 per million yards, as compared to \$134.23 per million yards for jute twine. The advent of European hostilities has materially increased the price of all twine, and that of cotton to a relatively greater extent than that of jute. On June 19, 1939, the

lowest bid price for jute was 11.3 cents per pound, and for cotton 16.5 cents per pound. On February 5, 1940, the lowest bid price for jute was 16.9 cents per pound, f. o. b. Allentown, Pa. The improved cotton twine was 26.98 cents per pound f. o. b. Cleveland, and 33½ cents per pound f. o. b. Macon, Ga.

Mr. DAVIS. Mr. President, will the Senator yield?

Mr. LODGE. I yield.

Mr. DAVIS. I have been following with interest the remarks which the Senator has been making on the jute question. The Senator mentioned Allentown, Pa. If this paragraph is enacted into law it will practically mean the dismissal of many workers in that section.

Mr. LODGE. I thank the Senator from Pennsylvania.

I think it is interesting to realize that if all the twine used by the Post Office Department were made from cotton, only three one-thousandths of 1 percent of the cotton crop would be consumed, and the effect on the cotton surplus would not be material.

Moreover, it is interesting to be informed by the Post Office officials, as we were in the Appropriations Committee, that only one mill making cotton twine is interested in bidding on cotton twine. The reason given to us was that other mills have so many other orders on hand that it is not really worth their while to take on the business of making cotton twine. Of course, that is not true in the case of mills which manufacture jute twine. They are very much interested. The Government order means much to them, and from that standpoint I think there is an interesting contrast.

Mr. President, I conclude by saying that this is one way in which the Government can effect economies. The jute twine is in every way adequate to the demands made upon it, and it is certainly much cheaper.

Mr. McKELLAR. Mr. President, I should like to make a statement to the Senator from Massachusetts [Mr. Lodge] with respect to twine. We had this question under consideration for many years. Finally it was decided several years ago that the following provision should be added to the bill:

Not more than three-fourths of the funds herein appropriated for the purchase of twine shall be expended in the purchase of twine manufactured from materials or commodities outside the United States.

Mr. Parkman, the official who had charge of the twine department, testified that cotton twine is in every way as good as jute twine, and he thinks perhaps it is somewhat better. He thinks it is stronger, and that there is no reason in the world why it should not be used. Cotton is produced in this country. Jute is produced abroad and must be imported. It seems to me that the provision in the bill, that not more than three-fourths of the funds for twine shall be used for the purchase of jute, which comes from abroad, is very reasonable, and I hope it may be agreed to, as the committee agreed to it.

Mr. LODGE. Mr. President, I stated that I was not offering any amendment or seeking to change the bill. I merely wanted the RECORD to show some of the recent facts in the situation.

Mr. DAVIS. Mr. President, I am in accord with what the Senator from Massachusetts [Mr. Lodge] has just stated. At this time I wish to direct the attention of the Senate to the paragraph in the bill reading:

Not more than three-fourths of the funds herein appropriated for the purchase of twine shall be expended in the purchase of twine manufactured from materials or commodities outside the United States.

This language may be found on page 55 of the bill.

The paragraph to which I refer was inserted in the Post Office Department appropriation measure in the Seventy-sixth Congress, first session, and appears in the present bill.

Regardless of the claim that cotton twine has proven itself equally serviceable with jute twine for post-office uses, in my opinion, this is not so. Postal employees claim that it stretches, thus rendering it not entirely safe in tying up packages; and also that it cuts the hands of those who have to use it.

Each time the Post Office Department requested bids in 1939 on a new type of cotton twine which would neither

stretch nor cut the hands of employees using it, no bids were received. All bids in 1939 were on the old type cotton twine.

This is important, because this form of legislation is running the cost of Government above normal. The proviso in question caused the buying last year of 360,000,000 yards of cotton twine, which cost the Government 159 percent more per million yards than did jute twine. To put it in actual figures, it meant an added expenditure of \$35,000 to the Post Office Department. It is my understanding that the purchase of 360,000,000 yards of cotton twine at the added cost heretofore stated showed no appreciable benefit to our cotton growers or cotton manufacturers. If we figured it in bales it would total about 720 bales net, an infinitesimal amount in the sight of the 13,000,000 bale crop. Another item of cost on account of the asking of bids in June, September, October, and December totals \$64,000.

While it is desirable at all times to buy American goods if there is anything substantial to be gained by the producers thereof, this provision will cost close to \$100,000 additional on a purchase of \$327,000. Of course, everyone knows that this burden falls upon the American taxpayer.

It should be remembered that the manufacture of jute twine, together with other jute products, is essentially an American industry and the use of jute twine is a big item to the manufacturers. It is, however, a small item to the cotton grower. While it is true that the source of raw jute is in foreign countries, its manufacture, I repeat, is wholly American. Therefore, it would seem inadvisable to disturb that industry and simultaneously impose an additional expense of \$100,000 on the Government, which apparently would be without substantial benefit to anyone.

The safety factor with regard to that which must be tied and those who do the tying should also weigh in this instance, particularly in the light of the undesirable and very sizeable expenditure.

Mr. McNARY. Mr. President, I should like to have a brief explanation of the amendment found on page 41 with regard to strategic and critical materials, in which \$5,000,000 has been made immediately available.

Mr. McKELLAR. Mr. President, a request was made to make the entire appropriation available. The Department wanted to use the entire \$12,500,000. Last year the amount was \$10,000,000, and the House increased it this year to \$12,500,000, but had nothing to say about its being made immediately available. However, the Department sent in a request to have the whole amount of \$12,500,000—or, as it was then, of \$15,000,000—made immediately available. The committee disagreed, and after an investigation with the Department officials, although they earnestly asked that the whole amount be immediately available, the committee reduced the amount to be made immediately available to \$5,000,000. I wish to read a letter from the President stating the reasons for the request:

FEBRUARY 14, 1940.

The President of the Senate.

SIR: I have the honor to submit herewith for the consideration of Congress a draft of a proposed provision pertaining to an item for the Treasury Department in the Budget for the fiscal year 1941, as follows:

To the text of the item "Strategic and critical materials, Procurement Division, act of June 7, 1939," appearing on page 750 of the Budget, insert the following phrase immediately following the amount of the estimate, \$15,000,000 "to be immediately available."

Since the Budget was transmitted to Congress I have received a report from the Interdepartmental Committee on Strategic Materials which emphasizes the following considerations:

1. Commercial stocks in this country of many vital raw materials are now considerably below normal.
2. Prices of most of the desired items are more favorable at present than for some time past.
3. Difficulties in both supply and transportation, as well as higher prices, are likely to be encountered if the present war continues and increases in intensity.

4. In the event of unlimited warfare on sea and in the air, possession of a reserve of these essential supplies might prove of vital importance not only in the national defense but in strengthening the policy of neutrality.

5. The materials to be purchased can at any time be converted into cash, and in the event of an emergency they will be worth much more than their cost.

In view of these facts, and inasmuch as the appropriation provided for the present fiscal year will shortly be exhausted, I believe that it is in the national interest that the appropriation in the full amount recommended by me, namely, \$15,000,000, be made immediately available.

Respectfully,

FRANKLIN D. ROOSEVELT.

Under those circumstances the committee took the matter up with the Department, and after a careful examination reported the bill with \$5,000,000 of the amount immediately available.

O'MAHONEY AMENDMENT EFFECTS SUBSTANTIAL SAVING

Mr. HAYDEN. Mr. President, when the bill was under consideration before the Committee on Appropriations questions were asked with respect to the effect of an amendment offered by the Senator from Wyoming [Mr. O'MAHONEY] and adopted in the appropriation bill of last year, relating to the transmission of penalty matter through the mail. The amendment of the Senator from Wyoming imposed a limitation which had a very desirable effect. In order that the Senate may be informed, I should like to have printed in the RECORD at this point the colloquy between myself and Mr. North, of the Post Office Department, explaining the effect of the O'Mahoney amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

The statement is as follows:

PENALTY MAIL—O'MAHONEY AMENDMENT TO 1940 ACT

Senator HAYDEN. Mr. Chairman, when the question of subsidies and other items was under consideration last year I remember Senator O'MAHONEY offered an amendment to the bill which would tend to reduce the volume of Government printing. That item had grown tremendously. I think 20 years ago it was about \$9,000,000. In 1935 it was \$31,000,000; in 1936, \$32,000,000; in 1937 it was \$34,000,000; in 1938 it was \$35,000,000; in 1939 it was \$38,000,000; as compared to the congressional mail, which has averaged about \$750,000 a year right along, and in an election year is about \$1,000,000. It costs 38 times as much, according to these figures, to carry Department mail as it does to carry congressional mail. Is there anyone here—Mr. North or anyone else—who can testify as to what has been the effect of the O'Mahoney amendment upon the volume of departmental mail matter?

REDUCTIONS EXPERIENCED UNDER O'MAHONEY AMENDMENT

Mr. NORTH. Yes, gentlemen. The O'Mahoney amendment became effective, as you know, July 1; and we have had one quarter's report pursuant to the requirements of that amendment. I may say that we have received reports from practically all agencies and departments concerned. From the figures we have for the one quarter, raised to the yearly level, it would appear that for this year there will be 682,000,000 pieces, as compared with 970,000,000 pieces for the previous fiscal year.

Senator McKELLAR. I did not get those figures.

Mr. NORTH. Roughly raising it to the level of a year from one quarter's report, we would have 682,000,000 pieces as compared with 970,000,000 pieces for the previous fiscal year, or 67,000,000 pounds as compared to 90,000,000 pounds for the previous year.

Senator McKELLAR. That is a very considerable reduction; is it not?

Mr. NORTH. That indicates either some recession of activities or, through the means of the O'Mahoney amendment, they are becoming more conscious of the large volume of free mail.

ESTIMATED REDUCTION IN COST OF HANDLING PENALTY MAIL

Senator HAYDEN. On that basis, then, instead of costing \$38,000,000 to perform this service as it did in 1939, it certainly should cost less than \$30,000,000.

Mr. NORTH. Yes.

Senator HAYDEN. What would be your estimate?

Mr. NORTH. About \$28,000,000 to \$30,000,000, I should say, according to that proration.

Senator HAYDEN. Then, as a result of the action taken by the committee and Congress, there would be a saving to the Post Office Department of at least \$8,000,000 in the fiscal year?

Mr. NORTH. It is so indicated by the figures; yes, Senator.

EFFECT OF O'MAHONEY AMENDMENT

Senator HAYDEN. Perhaps, then, it might be said that the effect of the O'Mahoney amendment was to direct the attention of the heads of departments to the enormous amount of matter that was

going through the mails, and cause them to ease down in the volume produced.

There is a double saving to the Government in that. There is the net saving, whatever it may be. You say that at postal rates \$38,000,000 would have been due for something of which the actual out-of-pocket cost was around \$14,000,000 to \$15,000,000, whatever it may be. Whatever the net saving, that is a saving to the Government in your operating costs in cash. On the other hand, it costs money to buy paper, and it costs money to have it printed or mimeographed, and it costs money to hire stenographers and all the help, both personal and mechanical, that the departments have; and a reduction to any extent in the volume of it would be ultimately reflected in the Treasury in that respect just as well as it would be in your actual operating costs.

THE TEXT OF THE O'MAHONEY AMENDMENT

Mr. HAYDEN. The amendment proposed by the senior Senator from Wyoming, which became law as a part of the Post Office Department Appropriation Act last May, is as follows:

Sec. 6. On and after July 1, 1939, no executive department or independent establishment of the Government shall transmit through the mail, free of postage, any book, report, periodical, bulletin, pamphlet, list, or other article or document (except official letter correspondence, mail concerning the sale of Government securities, and all forms and blanks necessary in the administration of such departments and establishments), unless a request therefor has been previously received by such department or independent establishment or such transmission is required by law. For each quarter, beginning with the quarter commencing July 1, 1939, the head of each independent establishment and executive department (other than the Post Office Department) shall submit to the Postmaster General, within 30 days after the close of the quarter, a statement of the weight of the mail matter by classes of mail that the independent establishment or department has transmitted free of postage during such quarter, and he shall also certify to the Postmaster General at the end of each such quarter that nothing was transmitted through the mail free of postage by the independent establishment or department in violation of the provisions of this section: *Provided*, That nothing herein shall be construed to prohibit the mailing free of postage of lists of agricultural bulletins or of lists of public documents which are offered for sale by the Superintendent of Documents: *Provided further*, That this prohibition shall not apply to the transmission of such books, reports, periodicals, bulletins, pamphlets, lists, articles, or documents to educational institutions or public libraries.

The PRESIDING OFFICER. The clerk will state the next amendment.

The next amendment was, on page 31, line 11, after the word "Commandant", to strike out "\$40,845,775" and insert "\$40,745,775", and, in line 12, before the word "and", to strike out "\$36,614,440" and insert "\$36,516,440", so as to read:

Total, Coast Guard, exclusive of Office of Commandant, \$40,745,775 (composed of "A" item, \$36,516,440, and "B" item, \$4,229,335).

The amendment was agreed to.

The next amendment was, on page 31, line 24, after the numerals "1939", to insert a semicolon and "but such designations when combined for an appropriation or an amount limitation shall not be deemed to require separate administrative or fund accounting for each designation", so as to read:

When used herein under the heading "Coast Guard", the words in parentheses ("A" item) and ("B" item) shall mean, respectively, "amounts for or relating to regular activities" and "amounts for or relating to activities pursuant to Executive Order No. 8254, dated September 18, 1939"; but such designations when combined for an appropriation or an amount limitation shall not be deemed to require separate administrative or fund accounting for each designation.

The amendment was agreed to.

The next amendment was, under the subhead "Procurement Division", on page 38, line 3, after the word "Division" and the parenthesis, to strike out "\$628,470" and insert "\$688,973", so as to read:

Salaries and expenses: For the Director of Procurement and other personal services in the District of Columbia and in the field service, and for miscellaneous expenses, including office supplies and materials, purchase and exchange of motor trucks and maintenance thereof, telegrams, telephone service, traveling expenses, office equipment, fuel, light, electric current, and other expenses for carrying into effect regulations governing the procurement, warehousing, and distribution by the Procurement Division of the Treasury Department of property, equipment, stores, and supplies in the District of Columbia and in the field (including not to exceed \$500 to settle claims for damages caused to private property by motor vehicles used by the Procurement Division), \$688,973:

The amendment was agreed to.

The next amendment was, on page 40, line 12, after the words "to wit" and the colon, to strike out, "10 inches (correspondence models), \$70; 12 inches, \$75; 14 inches, \$77.50; 16 inches, \$82.50; 18 inches, \$87.50; 20 inches, \$94; 22 inches, \$95; 24 inches, \$97.50; 26 inches, \$103.50; 28 inches, \$104; 30 inches, \$105; 32 inches, \$107.50; or, for standard typewriting machines distinctively quiet in operation, the maximum prices shall be as follows for models with carriages which will accommodate paper of the following widths, to wit: 10 inches, \$80; 12 inches, \$85; 14 inches, \$90; 18 inches, \$95" and insert "10 inches (correspondence models), \$60; 12 inches, \$65; 14 inches, \$67.50; 16 inches, \$72.50; 18 inches, \$77.50; 20 inches, \$84; 22 inches, \$85; 24 inches, \$87.50; 26 inches, \$93.50; 28 inches, \$94; 30 inches, \$95; 32 inch, \$97.50; or, for standard typewriting machine distinctively quiet in operation, the maximum prices shall be as follows for models with carriages which will accommodate paper of the following widths, to wit: 10 inches, \$70; 12 inches, \$75; 14 inches, \$80; 18 inches, \$85", so as to read:

No part of any money appropriated by this or any other act shall be used during the fiscal year 1941 for the purchase of any standard typewriting machines, except bookkeeping and billing machines, at a price in excess of the following for models with carriages which will accommodate paper of the following widths, to wit: 10 inches (correspondence models), \$60; 12 inches, \$65; 14 inches, \$67.50; 16 inches, \$72.50; 18 inches, \$77.50; 20 inches, \$84; 22 inches, \$85; 24 inches, \$87.50; 26 inches, \$93.50; 28 inches, \$94; 30 inches, \$95; 32 inches, \$97.50; or, for standard typewriting machines distinctively quiet in operation, the maximum prices shall be as follows for models with carriages which will accommodate paper of the following widths, to wit: 10 inches, \$70; 12 inches, \$75; 14 inches, \$80; 18 inches, \$85.

Mr. MALONEY. Mr. President, I desire to speak briefly in opposition to this committee amendment.

Examination of the hearings seems to me to disclose the fact that this is almost an arbitrary reduction. To me it is a surprising, if not an amazing, amendment. I am not too familiar with the history of governmental purchases of typewriters; but I understand that some time ago, prior to the World War, as a result of a finding on the part of members of the House Committee on Appropriations that various prices were being paid by the Government, legislation was enacted to provide that not more than \$70 could be paid for a typewriter.

I am greatly concerned about the amendment, because its adoption would seriously affect the economic and industrial situation in my State. Many thousand persons in Connecticut are employed in the manufacture of typewriters.

This type of machine, for which the Federal Government is the largest customer, sells to the public for \$115.50.

Some years ago, for reasons which are quite obvious, the typewriter companies made a special price to business colleges or business schools. I think later, as a result of the action to which I have referred, the Government was able to obtain the advantage of that price. As a result, insofar as the Government is concerned, a ceiling was placed on the cost of typewriters. Since that time the Government, as well as business schools, has been able to buy typewriters for \$70, while the public has paid \$115.50 for new machines. It seems to me that those engaged in business, and who buy typewriters are compelled to absorb losses incurred in the sales to the Federal Government. I think it possible that the Government has cheated itself by putting a ceiling on the price of typewriters.

The statement may be made that bid prices on typewriters are the same or comparable. It could not be otherwise, because of the fact that the Government will not permit a bid in excess of \$70. Obviously, the typewriter people are compelled to sell typewriters to the Government; so, if the bid price is \$70, it is something that private industry cannot do anything about, unless, it seems to me, the companies are willing to lose money on Government sales.

I think it is outrageous—and I do not say that disrespectfully—to reduce, arbitrarily, the price of typewriters \$10. It may very seriously dislocate this great industry. It seems to me a certainty that it will make necessary a great loss on the part of the typewriter manufacturers; and while the explanation has been made that the purpose of the amendment

was to obtain facts, I think one giving a little serious thought to the matter finds the answer and the facts for himself.

If we do this thing in connection with the purchase of typewriters, why stop there? Why not fix a ceiling on everything the Government purchases? Why not do it on battleships, or airplanes, or other kinds of business machines, or anything for which the Government may have a need? I think it is a dangerous thing to do. I think it is a terribly unfair thing to do in the instance of this very important industry.

I am very hopeful that the Senate will reject the committee amendment. I think this brief explanation of mine, telling how the Congress originally arrived at the price of \$70, is probably the explanation that the committee and the Senate require; and I am very hopeful that the members of the Appropriations Committee will not insist upon the inclusion of this amendment.

Mr. McKELLAR. Mr. President—

Mr. MALONEY. I yield to the Senator from Tennessee.

Mr. McKELLAR. I desire to say to the Senator that the purpose of this amendment was to take this item to conference. We did not know it was going to be discussed on the floor, and we did not know what the facts were; but when we were apprised of the fact that all the various types of typewriters are sold at exactly the same price, it looked to me and to some of the rest of us as if we were establishing by law a trust in the case of typewriters; and this amendment was put in for the purpose of ascertaining just what had been done.

We had no evidence on which to uphold this amendment. It was put in for the purpose of obtaining information. Upon the information the Senator has given us—which I cannot controvert, because I do not know what the facts are—I have no personal objection to the amendment going out.

Mr. MALONEY. That pleases me very much, Mr. President. I am very grateful to the senior Senator from Tennessee who is always fair.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the committee.

The amendment was rejected.

The PRESIDING OFFICER. The clerk will state the next amendment of the committee.

The next amendment was, on page 41, line 21, after the word "expended", to insert a comma and "and of which amount \$5,000,000 shall be immediately available"; so as to read:

Strategic and critical materials: For all necessary expenses for the acquisition, transportation, maintenance, storage, and rotation of strategic and critical materials in accordance with sections 1 to 6, inclusive, of the act of June 7, 1939 (Public, No. 117, 76th Cong.), including personal services and rental and maintenance of storage space in the District of Columbia and elsewhere; payment of part-time or intermittent employment in the District of Columbia, or elsewhere, of such scientists and technicians as may be contracted for by the Secretary of the Treasury, in his discretion, at a rate of pay not exceeding \$25 per diem for any person so employed; printing and binding; and traveling expenses; \$12,500,000, to continue available until expended, and of which amount \$5,000,000 shall be immediately available:

The amendment was agreed to.

The next amendment was, under the heading "Title II—Post Office Department—Salaries in Bureaus and Offices", on page 42, line 23, to increase the appropriation for personal services in the District of Columbia under the Office of the Second Assistant Postmaster General, from \$585,000 to \$587,600.

The amendment was agreed to.

The next amendment was, on page 43, line 4, to increase the appropriation for personal services in the District of Columbia under the office of the Solicitor for the Post Office Department, from \$111,300 to \$119,320.

The amendment was agreed to.

The next amendment was, on page 43, at the end of line 7, to increase the appropriation for personal services in the District of Columbia under the Bureau of Accounts, from \$111,240 to \$114,120.

The amendment was agreed to.

The next amendment was, under the subhead "Contingent expenses, Post Office Department," on page 43, line 21, before

the word "convention", to strike out "London" and insert "Cairo"; so as to read:

For contingent and miscellaneous expenses; stationery and blank books, index and guide cards, folders and binding devices, including purchase of free penalty envelopes; telegraph and telephone service, furniture and filing cabinets and repairs thereto; purchase, exchange, maintenance, and repair of tools, electrical supplies, typewriters, adding machines, and other labor-saving devices; maintenance of motortrucks and of two motor-driven passenger-carrying vehicles, to be used only for official purposes (one for the Postmaster General and one for the general use of the Department); streetcar fares; floor coverings; postage stamps for correspondence addressed abroad, which is not exempt under article 49 of the Cairo convention of the Universal Postal Union; purchase and exchange of law books, books of reference, railway guides, city directories, and books necessary to conduct the business of the Department; newspapers, not exceeding \$200; expenses, except membership fees, of attendance at meetings or conventions concerned with postal affairs, when incurred on the written authority of the Postmaster General, not exceeding \$2,000; expenses of the purchasing agent and of the Solicitor and attorneys connected with his office while traveling on business of the Department, not exceeding \$800; and other expenses not otherwise provided for, \$84,388.

The amendment was agreed to.

The next amendment was, under the subhead "Office of the First Assistant Postmaster General", on page 48, line 20, after the word "appropriations", to strike out "\$1,700,000" and insert "\$1,800,000"; so as to read:

Miscellaneous items, first- and second-class post offices: For miscellaneous items necessary and incidental to the operation and protection of post offices of the first and second classes, and the business conducted in connection therewith, not provided for in other appropriations, \$1,800,000.

Mr. CLARK of Missouri. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	George	Lucas	Sheppard
Andrews	Gerry	Lundeen	Shipstead
Ashurst	Gibson	McCarran	Smathers
Bankhead	Gillette	McKellar	Smith
Barbour	Glass	McNary	Stewart
Barkley	Green	Maloney	Taft
Bilbo	Guffey	Mead	Thomas, Idaho
Brown	Gurney	Miller	Thomas, Okla.
Bulow	Hale	Minton	Thomas, Utah
Burke	Harrison	Murray	Tobey
Byrd	Hatch	Neely	Townsend
Byrnes	Hayden	Norris	Tydings
Capper	Herring	Nye	Vandenberg
Chandler	Hill	O'Mahoney	Van Nuys
Chavez	Holt	Pepper	Wagner
Clark, Idaho	Hughes	Pittman	Walsh
Clark, Mo.	Johnson, Calif.	Radcliffe	Wheeler
Connally	Johnson, Colo.	Reed	White
Danaher	King	Reynolds	Wiley
Davis	La Follette	Russell	
Donahay	Lee	Schwartz	
Frazier	Lodge	Schwellenbach	

The PRESIDING OFFICER. Eighty-five Senators having answered to the roll call, a quorum is present. The question is on agreeing to the amendment on page 48, line 20, striking out "\$1,700,000" and inserting in lieu thereof "\$1,800,000."

The amendment was agreed to.

The next amendment was, on page 49, line 16, after the word "law", to strike out "\$15,674,149" and insert "\$16,074,149", so as to read:

Foreign air mail transportation: For transportation of foreign mails by aircraft, as authorized by law, \$16,074,149.

Mr. CLARK of Missouri. Mr. President, I offer an amendment to the committee amendment. I ask to have the amendment stated.

The PRESIDING OFFICER. The amendment offered by the Senator from Missouri to the amendment of the committee will be stated.

The CHIEF CLERK. On page 49, line 17, it is proposed to strike out the period and insert a semicolon and the following:

Provided, That no part of the money appropriated under this item shall be expended for transportation of foreign mails by any aircraft landing on the island of Bermuda (except in the case of forced landings) while a proclamation issued under authority of section 1 (a) of the Neutrality Act of 1939, and naming the United Kingdom, is in effect and while the Government of the United Kingdom asserts any alleged right to stop American ships or aircraft and examine and confiscate mail.

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Mr. CLARK of Missouri obtained the floor.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. CLARK of Missouri. I yield.

Mr. McKELLAR. I know the Senator is one of the best parliamentarians in either branch of Congress. I do not think he has a superior anywhere—

Mr. CLARK of Missouri. Mr. President, I thank the Senator for his kind words.

Mr. McKELLAR. And I am wondering whether this amendment is not legislation, and I should like to make a parliamentary inquiry of the Chair as to whether it is not legislation.

Mr. CLARK of Missouri. Mr. President, in order to obviate any suggestion to it being subject to a point of order, I modify my amendment by striking out the words "ships or", so as to make it relate purely to aircraft, and make it apply specifically to the appropriation in this item. I think certainly the Senator from Tennessee will not insist that that is subject to a point of order, being a pure limitation on the funds appropriated under this very item.

Mr. McKELLAR. I am not sure about the matter; therefore, I ask the Chair for a ruling.

The PRESIDING OFFICER. The Chair is of opinion that what the Senator proposes would be only a limitation on the appropriation, and it is in order.

Mr. McKELLAR. To strike out the two words?

The PRESIDING OFFICER. Yes.

Mr. CLARK of Missouri. Mr. President, I modify my amendment by striking out the words "ships or."

I do not desire to detain the Senate unduly about this matter, because it is something with which we are all familiar. Last week we occupied the better part of 2 days in this body in a debate on the question of whether or not the economy-minded Committee on Appropriations should be sustained in cutting by a million dollars an appropriation involving all of the airplanes of the United States—commercial, National Guard, Army, Marine Corps, Navy, and privately owned planes. Yet today we find the same economy-minded committee coming in, and, in behalf of the particular favorite, as it seems, of the United States Government, the Pan American Air Lines, casually tossing off \$400,000 for another additional weekly trip to Europe.

Mr. HAYDEN. Mr. President, will the Senator yield?

Mr. CLARK of Missouri. I yield.

Mr. HAYDEN. The Senator understands, of course, that this appropriation is being made upon the assumption that the postage collected will pay the \$400,000.

Mr. CLARK of Missouri. Mr. President, I think it is just as easy to assume that increased safety brought about as a result of the other bill, that increased safety applying particularly during the wintertime, would increase the revenues derived from air mail sufficiently to have defrayed the expense of assuring that safety.

Mr. HAYDEN rose.

Mr. CLARK of Missouri. I am glad to yield to the Senator, although that is merely an incident in the main argument I desire to advance in support of my amendment.

Mr. HAYDEN. The point is that in the matter of the domestic air mail, while the revenues have increased very appreciably, we are still operating at a loss, whereas the trans-Atlantic mail has been surprisingly profitable.

Mr. CLARK of Missouri. I will ask the Senator from Arizona if that is not of most recent development. I think the Senator from Tennessee explained a moment ago that it was just within a month or two.

Mr. McKELLAR. In December they made \$250,000.

Mr. CLARK of Missouri. And that was the first time they had ever paid expenses. Is not that true?

Mr. McKELLAR. It has been in operation but 5 months.

Mr. GLASS. In addition to that, they had to turn away 71 passengers whom they could not carry.

Mr. HAYDEN. Mr. President, will the Senator yield?

Mr. CLARK of Missouri. I yield.

Mr. HAYDEN. When we authorized the establishment of the trans-Atlantic mail the fact was brought to our attention

that eight times as much mail crosses the North Atlantic Ocean between the United States and Europe as is carried in the rest of the world; that is, from the great centers of population in the United States and Europe where mail congests, and where there is an opportunity to get more money out of it. We were confident, when we authorized the establishment of the trans-Atlantic mail service, that it would pay, and our confidence has been justified. We established it in May, and by December there was a profit, there being a profit of \$62,000 in 1 month. With the war conditions obtaining as they are in Europe, with the impossibility, at least, of the submarining of an airplane—

Mr. CLARK of Missouri. An airplane cannot be torpedoed by a submarine, but its mail can be rifled, and the mail is being rifled, over the protest of the American State Department, every time a clipper puts into a British port.

Mr. HAYDEN. The State Department, if the Senator will yield further, made the representation to the British Government, as reported in the press, that if this matter were not corrected we proposed to construct planes of capacity sufficient to enable them to leave our own shores or leave Europe and go directly to neutral islands, the Azores, and then proceed either to Europe or to the United States, and that they would not touch at British ports. My understanding is that that will be straightened out by negotiation between the Governments. What I am questioning is the wisdom of the Senator, with not all the facts before us, asking the Senate to vote for an amendment directing that a certain procedure be abandoned regardless of the negotiations which are proceeding.

Mr. CLARK of Missouri. In response to the Senator from Arizona, I may say that with even fewer facts before him the Senator from Arizona voted, and a majority of the Senate voted, at the last session of Congress, for a provision making an exception to the provisions of the Neutrality Act so as to permit the Pan American Air Lines to make a landing in Bermuda. For whose convenience was that? It was not for the convenience of the people of the United States who desire to communicate with Europe, and not for the convenience of people in Europe who desire to communicate with people in the United States. That was done for the convenience and the revenue of the Pan American Air Lines, because they wanted to make a stop in Bermuda, and for the convenience of the people of Bermuda, and the United Kingdom generally, who desire to have the clippers stop there, and for the convenience of a few American tourists who desire to take winter vacations in Bermuda, and would have been much better off at home picking up chips.

Mr. HAYDEN. Mr. President, will the Senator yield?

Mr. CLARK of Missouri. I yield.

Mr. HAYDEN. I cast that vote for no such reason. It is a matter of geography that Bermuda is part way across the Atlantic Ocean; it is a convenient place for the planes to stop and refuel, and, considering the size and capacity of the planes we had, it was better to proceed in that way than to try to make a longer flight. Larger and better planes are being built. The new planes to be put into service are of greater power and of greater capacity, and it is now possible to avoid Bermuda, if we do not get the right kind of treatment from the British.

Mr. CLARK of Missouri. Then let us say so. That is all this amendment does.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. CLARK of Missouri. I yield.

Mr. McKELLAR. During the World War, in which the Senator from Missouri took a very active and very honorable and splendid part, did not the United States not only reserve but exercise exactly the same right of search and seizure that England is now exercising toward us?

Mr. CLARK of Missouri. If the Senator wants to refer to the World War, I shall be very glad to go into that in any detail he may desire. What happened during the World War was that during a long period of time there happened just exactly what I fear may happen during this war, that the British infringed rights which we claimed and

asserted, and we confined ourselves to protests by the State Department.

Mr. McKELLAR. That is what we are doing now.

Mr. CLARK of Missouri. Protests which too frequently were scarcely delivered; in other words, the testimony has been, and the admission of the then American Ambassador to Great Britain, as well as that of the British Secretary of State for Foreign Affairs at that time, was that when one of these protests would arrive at London the so-called Ambassador from the United States to the Court of St. James's would take it down to Sir Edward Grey's office, and, handing the note to him, would say, "How are we going to answer it?" Without accusing the present Ambassador to the Court of St. James's of any such intention or of any such nefarious conduct, I say that this is a matter in which the British have been flagrantly violating a right which our State Department has been asserting, and that, so far as I am concerned, I am wholly unwilling to appropriate further funds to permit the British to carry out further infringement of our rights for the convenience of British subjects, and of a few Americans who want to go to Bermuda and spend a winter vacation.

Mr. GLASS. Mr. President, will the Senator from Missouri yield?

Mr. CLARK of Missouri. I yield.

Mr. GLASS. When this country entered the World War, did we not assert the right and did we not do the very things against which we have protested?

Mr. CLARK of Missouri. If we did, Mr. President, we were in entire contradiction to the principles which we had asserted before we got into the war, when we had no interest in the matter except the protection of neutral rights.

Mr. GLASS. Which acts were in consonance with international law for over 100 years governing the right of search and seizure.

Mr. CLARK of Missouri. We denied that right before we got into the war, and if we changed our position after we got into the war, we stultified ourselves.

Mr. GLASS. We did the very thing against which we were protesting.

Mr. CLARK of Missouri. If we did that, we stultified ourselves; and what I am protesting against now is squandering American funds, \$400,000, for something that is not necessary, in the economy-minded Congress, for the purpose of enabling the British Government to carry out further infringements of what our State Department asserts to be American rights.

Mr. SCHWELLENBACH. Mr. President, will the Senator from Missouri yield?

Mr. CLARK of Missouri. I yield.

Mr. SCHWELLENBACH. I desire to ask the Senator a question solely for the purpose of enabling me to understand the amendment, which was rather rapidly read. Am I correct in understanding that the amendment is to make a change in the Neutrality Act of last fall, whereby we made an exception?

Mr. CLARK of Missouri. It is to prevent the appropriation of any funds for the flying of aircraft landing in Bermuda as long as the British assert the right to search our mail.

Mr. SCHWELLENBACH. As a practical matter, the withholding of funds would result in the abandonment of the flight?

Mr. CLARK of Missouri. Unless the British ceased their aggressions against American rights.

Mr. HAYDEN. Mr. President, will the Senator yield?

Mr. CLARK of Missouri. I yield.

Mr. HAYDEN. I invite the attention of the Senator to questions I asked at the time of the hearing. Mr. Lamiell was before the committee.

Mr. CLARK of Missouri. Who is he?

Mr. HAYDEN. He was representing the Post Office Department in connection with this matter. I asked this question:

Senator HAYDEN. How does the British censorship compare with our own censorship during the World War on mails from neutral countries?

Mr. LAMIELL. From the records on file with the Department it appears that it is very similar.

Senator HAYDEN. That is, we did lay hands upon mails to neutral countries, and we did censor them?

Mr. LAMIELL. The United States apparently censored anything it considered should be censored.

Senator McKELLAR. And, so far as you are able to tell, the rules instituted by Great Britain for examining the mails are just about the same as ours were in the World War?

Mr. LAMIELL. That is my understanding, Mr. Chairman.

Mr. CLARK of Missouri. Mr. President, I suggest that Mr. Lamiell, whoever he is—and I never heard of him before—ought to hold a conference with the State Department, which is officially constituted by law to present the American view of international law. The State Department has repeatedly asserted that the conduct of the British with regard to the censoring of mail is a violation of American rights. It has been a matter of common notoriety within the last week or so that an airplane returning from Europe to the United States, bearing an American Ambassador, returning, ostensibly at least, for purposes of consultation with his own Government, was held up at Bermuda while the British rifled the mail and confiscated over half of it. Away back during the administration of President Monroe there was a very serious protest when the British held up and delayed the procedure of a ship bearing the American Ambassador to the Court of Russia, John Quincy Adams, but now, within a week, by reason of the fact that our clipper just happened to stop at Bermuda, largely for the convenience of the Bermudians and the British Government, they take occasion to delay for several hours a plane bearing the American Ambassador, even though, as I have said, this particular American Ambassador was more at home on British territory, or French territory, or Russian territory than he was on American territory. Nevertheless, they did hold up that plane, rifled the mail, and confiscated about half of it. I do not think we ought to appropriate further public funds for an extension of that sort of service.

Mr. HAYDEN. Mr. President, I read to the Senator this extract from the hearings in an effort to question the wisdom of the action he suggested being taken by the Senate—

Mr. CLARK of Missouri. It is the last chance we will have.

Mr. HAYDEN. When he knows that, after all, censorship is a matter of degree. A great many things may be done, and little things may be done; it can be made easy or it can be made difficult. Our State Department is negotiating this matter with the British. We have an alternative, that if the State Department does not accomplish this purpose, we do not have to let our ships land at Bermuda.

Mr. CLARK of Missouri. We have already appropriated this money.

Mr. HAYDEN. Mr. President, let me make it perfectly clear that it is the understanding of the members of the committee that if the State Department is not successful in having its protests recognized in a way satisfactory to the State Department, it is not necessary that the ships which we have authorized to go to Bermuda. They can go to Puerto Rico and not touch at any British port.

Mr. CLARK of Missouri. If that be true, I do not see any objection to this amendment. I cannot help what the understanding of the committee is. Here is what the proposed law says:

Foreign air mail transportation: For transportation of foreign mails by aircraft, as authorized by law, \$16,074,149.

Or an increase of \$400,000, and that paragraph does not say a word about the understanding of the committee.

Mr. HAYDEN. The point I am trying to impress upon the Senator is that the strongest weapon the State Department has in inducing the British to ease up on the censorship at Bermuda is the knowledge that we have airships with which we can convey mail across the Atlantic Ocean without going to Bermuda. But it is advantageous to go by way of Bermuda, if we have the right kind of understanding with the British.

Mr. CLARK of Missouri. It seems to me the British will relax their regulations and cease their unlawful conduct more quickly if we say, "Very well, if you do not do so we will not go into your ports."

Mr. REYNOLDS. Mr. President, will the Senator yield?

Mr. CLARK of Missouri. I yield.

Mr. REYNOLDS. What is the amount of business we enjoy from Bermuda on each of these trans-Atlantic trips?

Mr. CLARK of Missouri. I am unable to answer that question. I know that practically no Americans go to Bermuda except those who go down there to spend their winter vacations.

Mr. REYNOLDS. Of course, the Senator knows that the population of Bermuda is very small in the summer, but increases considerably in the wintertime.

Mr. HAYDEN. Mr. President, the business would not be justified at all, if it depended on the amount of revenue received for travel from New York to Bermuda or from Bermuda to New York. That is small compared to the amount of money which is collected for the full trans-Atlantic flight.

Mr. REYNOLDS. And really the operators are not profiting by stopping at Bermuda.

Mr. HAYDEN. No. It so happens that the amount of fuel which has to be carried by the planes is less if they stop at Bermuda. If the fuel load is reduced more mail can be carried by the planes, and therefore more revenue obtained from it. If the planes carry gasoline instead of letters they do not get a proper return on the letters carried.

Mr. REYNOLDS. What is the flying distance between New York and Bermuda?

Mr. HAYDEN. I am not sure. I believe it is five or six hundred miles.

Mr. REYNOLDS. I suggest that instead of our airships going by way of Bermuda they take off from Wilmington, N. C., because Bermuda is only a short distance from Wilmington. I suggest that the officials of the Pan American Lines consider the advisability of starting from Wilmington, N. C. It certainly is a more beautiful spot than Hamilton, Bermuda.

As to the mails; I am of course extremely interested, as are all Senators, in the matter of our mails being censored. That is hurting our shipping business. Mr. Sumner Welles is reported to be sailing on the *Rex*, of the Italian Line, for his mission to Europe, rather than to go on one of the American Line ships which we are supporting by appropriations. I assume that Mr. Welles is not going on a ship of the American line, and preferably is traveling aboard the *Rex* because he does not want to wait until the British read all our mail. So this is my interest in the matter.

Mr. McKELLAR. Mr. President—

Mr. SCHWELLENBACH. Mr. President, will the Senator yield to me while I ask another question of the Senator from Missouri?

Mr. McKELLAR. I yield.

Mr. SCHWELLENBACH. My recollection of the testimony and the representations which were made to us with reference to this Bermuda situation is different from that of both the Senator from Missouri and the Senator from Arizona.

Mr. CLARK of Missouri. I was not attempting to say where the representations were made. Those representations were made in the caucus, and not only in the meeting of the full committee. We simply took the bill as it came in from the caucus to the full committee.

Mr. SCHWELLENBACH. We were told that unless we stopped at Bermuda we would not be able to go across the Atlantic. The question of the mails was not discussed. The question was whether we would reduce the amount of baggage and other things carried on the ships and permit larger space for gasoline.

Mr. HAYDEN. The Senator will remember that the original proposal for trans-Atlantic air mail was to fly from here to Canada, and then fly overland to Nova Scotia, and then to Newfoundland, and then fly from there to Ireland. That is the shortest crossing of the Atlantic.

Mr. SCHWELLENBACH. That route was to be used in the summertime. There were two routes, the summer months' route and then the route to be used during the winter months.

Mr. HAYDEN. Yes. And then when the route was established it was not established over the northern way. We started out over the southern route, on account of the war

and other conditions in the north. But we are not landing on the other side in any belligerent country. We are landing in Portugal, and then there are in Portugal air lines by which the mail can go directly to Italy and to other countries. It does not necessarily have to go to belligerent countries at all.

The Senator will remember that it was said we could not carry the mail across the ocean unless we stopped at Bermuda. The reason why we could not carry the mails across the ocean unless we stopped there was that the longer the flight the greater the load of gasoline required to be carried. If you can break the flight, you do not have to carry so much gasoline. If you decrease the gasoline load, you can increase the mail load. So, as a matter of making it a paying proposition, it was highly desirable to stop at Bermuda.

It is possible to fly directly from Bermuda to the Azores and get across that way with the larger ships. The newer ships are larger, and that is possible to be done. I wish to repeat that under those circumstances it would seem that the State Department has all the authority it needs in dealing with the British. We can either go by way of Bermuda or not, according to how we are treated, and it is not necessary for Congress to dictate in the matter at all.

Mr. SCHWELLENBACH. I wanted to ask the Senator from Missouri a question. What mechanics does his amendment provide for deciding when the British have acted in an unlawful manner?

Mr. CLARK of Missouri. I think the State Department would be finally determinative of that matter.

Mr. McKELLAR. Mr. President, I wish to address myself to the amendment offered by the Senator from Missouri. I wish to read it to the Senate. I may say before I read it that it applies not to this \$400,000 but to the entire amount of \$16,074,149, and, in my judgment, it would have the effect of absolutely destroying the air service between America and Europe. I do not believe the Senate wants to do that, and I hope it will vote this amendment down.

Let me read the amendment:

Provided, That no part of the money appropriated under this item—

That means the whole item of \$16,000,000—

shall be expended for transportation of foreign mails by any aircraft landing on the island of Bermuda (except in the case of forced landings) while a proclamation issued under authority of section 1 (a) of the Neutrality Act of 1939, and naming the United Kingdom is in effect and while the Government of the United Kingdom asserts any alleged right to stop American aircraft and examine and confiscate mail.

Mr. President, the Bermudas, as I recall—and I will have to look to the record for absolute certainty—are about 700 miles from New York. That is about one-third of the way to the Azores. While it is believed that airships can carry enough fuel to take them from New York to the Azores, it has never been done up to date except, I believe, in one instance.

The adoption of this amendment would put in jeopardy our entire southern air-mail route to Europe. I do not think we want to do that. This matter should be brought up before the Foreign Relations Committee. The amendment would repeal an order of the President issued under the Neutrality Act of 1939. Inasmuch as it virtually repeals another law, it seems to me it is subject to a point of order.

Mr. CLARK of Missouri. Mr. President, will the Senator yield?

Mr. McKELLAR. I yield.

Mr. CLARK of Missouri. Did the Senator in his long service in the House and in the Senate vote for a limitation upon appropriations?

Mr. McKELLAR. Yes.

Mr. CLARK of Missouri. Even though it might be a restriction of expenditure of public funds for some purpose otherwise authorized by law?

Mr. McKELLAR. Yes.

Mr. CLARK of Missouri. That is all this is.

Mr. McKELLAR. Wait one moment. I have voted for such restrictions. I served in the House when the father of the

distinguished Senator from Missouri was Speaker of the House, and I recall distinctly that there never was a ruling while the Senator's father, Champ Clark, was Speaker, to the effect that you could repeal another law by a limitation placed on an appropriation bill. That is exactly what this proposal does.

Mr. CLARK of Missouri. If the Senator will permit me, I will say that that is perfectly good parliamentary law now. You cannot repeal an existing law, but you can withhold public funds from a purpose hitherto authorized by law, and I can cite the Senator 500 opinions in the House of Representatives during the time my father was Speaker and during the time of other distinguished Speakers to that very effect.

Mr. McKELLAR. The fact is that if this amendment is adopted, it will destroy that provision of the neutrality law under which the President acted. It will not only do that, Mr. President, but it may destroy the whole air-mail service to Europe. The Senator from Missouri said we were squandering \$400,000. Mr. President, not only are we not squandering the \$400,000 but, in my judgment, that expenditure will bring a return to the United States of every dollar that is spent or advanced to put this extra aircraft in commission at this time.

The mails are increasing enormously under war conditions. The increase of the air service in the manner proposed will help in every way. If the Senator wants our aircraft to begin at New York and go to the Azores, it will help immensely in the development of the air service. I hope it may be done. I do not want the airships to stop at Bermuda. I want these air clippers to be able to fly to the Azores. But if they cannot fly there, then with this amendment on the statute books there will be no air mail carried along the southern route.

Mr. MEAD. Mr. President, will the Senator yield?

Mr. McKELLAR. I yield.

Mr. MEAD. There are two points I want to bring out before we pass upon this item. To begin with I want to compliment the committee for the very modest increase in the appropriation. It was warranted by the facts and by the record. In looking at the record we find that in the first month of operations each flight carried 600 pounds of mail. That was in May of 1939. But in January of 1940 each flight carried 3,000 pounds of mail—more than enough to pay a profit on the operation. The revenues therefore now exceed the payment. It is the most remarkable growth of its kind in the history of the Postal Service. The Department paid the carriers \$187,000 for the service in December, but the estimated postal revenue on that mail was \$259,000.

I believe that record vindicates the action of the committee on this particular item.

The other point I wish to make is that the revenue will fall off materially if the British hold up and delay the mail at Bermuda.

A few short days ago I raised my voice in this Chamber in protest against British interference with the expeditious delivery of the mail. This mail is increasing by leaps and bounds because of the speed element involved in the delivery of the mail. The minute the mail is held up and robbed of its principal virtue, we are forced to subsidize the operation. Therefore I am in favor of some action on the part of the State Department or the Post Office Department to circumvent the action of the British Government, which, in my judgment, is unwarranted, unreasonable, and unnecessary.

I cannot quite agree with the amendment which has been offered, because I believe there is ample authority for the executive departments to act. For example, the ships can fly from the American coast line to the Azores without the necessity of stopping at Bermuda. They can fly on the route, which is known as F. A. M. 18, from New York, Baltimore, Norfolk, or Charleston, S. C. Under present-day climatic conditions much gas would be saved if the flight should originate at the southernmost city.

My second point is that in view of the wide variation allowed on this route, coupled with the demand for speed and quick delivery of the mail, I believe that the Department ought to change the starting point, at least temporarily, and obviate the necessity of a stop at Bermuda until we have better arrangements with the British authorities.

Mr. President, we read in the daily press what I forecast a short time ago, and that is the danger of the sinking of American ships, hailed on the high seas and involuntarily taken into British ports or other ports to which they are prohibited entry by our embargo law. If this policy continues I favor amendments even more severe than the amendment presented by the Senator from Missouri [Mr. CLARK], but I believe there is ample authority in the departments to cover the situation, and that some action ought to be taken now. I again compliment the Senator in charge of the bill on his wise consideration of this item.

Mr. McKELLAR. I thank the Senator.

Mr. HAYDEN. Mr. President, will the Senator yield?

Mr. McKELLAR. I yield to the Senator from Arizona.

Mr. HAYDEN. When the Senator from Tennessee [Mr. McKELLAR] read the text of the amendment, it reinforced the question asked me by the Senator from Washington [Mr. SCHWELLENBACH]. That is, how is it to be carried out? There is a field for discretion. Until certain things are done, no part of the money shall be expended, and when those things are accomplished, when the British cease their censorship, we may again land at Bermuda. Who is to determine that question?

Mr. CLARK of Missouri. If the amendment is adopted, if no one else determines it, the Comptroller General of the United States can determine it. I should say in the first instance that the Post Office Department, after consultation with the State Department, would determine it. Under the existing law, if they do not arrive at a correct decision the Comptroller General of the United States has the duty imposed on him to determine the question.

Mr. HAYDEN. After all, under the text of his amendment, the Senator is imposing an authority on somebody to do certain things which is exactly what the State Department is now trying to accomplish, and the way to get away from the situation he points out is the same way the State Department is now pursuing, and that is not to go to Bermuda. I cannot see that we would shorten the trouble or avoid any difficulty by the enactment of this language.

Mr. CLARK of Missouri. It is simply the difference between doing something and protesting. I have heard of protests from the State Department in the last war and in this war until I am sick of it. I should like to have the Congress of the United States say, "We are going to do something in this matter because we are tired of listening to protests which do not mean anything."

Mr. McKELLAR. Mr. President, let me make a suggestion to the Senator from Missouri. He is a member of the Foreign Relations Committee. The matter he is talking about concerns our foreign relations. Why does he not bring this matter up before the Foreign Relations Committee and have the committee report on it to the Senate? Why undertake to jeopardize the whole air-mail system, which already has been a marvelous success across the Atlantic Ocean, in order to bolster up some view as to our foreign policy in the State Department?

Mr. CLARK of Missouri. If the Senator will permit me to answer his question, today I did just exactly what the Senator suggests. I introduced a bill to prevent American aircraft from touching at Bermuda so long as the proclamation of the President is in effect, and requested that the bill be referred to the Committee on Foreign Relations, which was done. But this is an essentially different question, Mr. President. This is a proposal for appropriating public funds for the purpose of enabling the British to continue in their course of action involving infringement of American rights, which our State Department asserts is illegal and unlawful. Therefore, in addition to being in favor of the bill which I introduced earlier today, and which has been referred to the Committee on Foreign Relations, and which will doubtless be considered in due time by that committee, I am opposed to appropriating any further public funds to permit what our State Department says is an open and flagrant violation of our rights.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. McKELLAR. I yield.

Mr. BARKLEY. Surely the Senator from Missouri does not mean that the object of the amendment reported by the committee is to permit the British to do what he objects to?

Mr. CLARK of Missouri. I say that the provision in the bill and the amendment of the committee increasing the appropriation is for the purpose of providing further funds for our ships, probably stopping at Bermuda, which will enable the British to carry on their illegal course of action. As the Senator from Tennessee [Mr. McKELLAR] properly said, my amendment goes to the whole item. Its object is to prohibit the use of public funds for aircraft stopping at Bermuda so long as that illegal course of action is pursued.

Mr. BARKLEY. The object of the amendment is to provide service; and it is a mere incident that there might be some interference. That is not the object of the amendment.

Mr. CLARK of Missouri. It may be a mere incident that one-half of one of the latest cargoes of mail was confiscated by the British at Bermuda.

Mr. McKELLAR. Mr. President, I have just one further word, and that is all I shall say. What do we find the situation to be? The Senator from Missouri offers an amendment which, in my view, would jeopardize the entire system of air mail between America and Europe, because we do not know whether we can fly to Bermuda. I hope we can, and I believe we can; but why jeopardize the whole system in order to effect a purpose which has been violently debated in the world for 100 years? I refer to the question of the right of search and seizure, a question on which our own Government heretofore has taken the opposite course.

Why jeopardize, by an amendment which is considered a limitation on the appropriation, the whole program of air mail between America and Europe, when the desired object can be accomplished in a direct way by the bill which the Senator has already introduced, and which is now before the Foreign Relations Committee, of which he is a member? He has introduced a bill. Why pass that bill in the form of an amendment to this appropriation measure, and thereby jeopardize the whole air-mail system to Europe, which up to date has been a wonderful success, and which in my judgment will pay. I ask the Senate to vote against the Senator's amendment.

Mr. PITTMAN. Mr. President, at the time the Neutrality Act was under consideration by the Foreign Relations Committee evidence was introduced before the committee touching this very question of exempting Bermuda from the list of belligerent countries, or from the effect of the act on the belligerent countries so far as transportation was concerned. The evidence conclusively proved to the committee, or at least to me, that it was of great advantage to the United States for its airships to land at Bermuda, and that it would be very difficult to carry on a successful air transportation to Europe by the southern route without landing at Bermuda. The exemption of Bermuda was made in the interest of the United States, not in the interest of Great Britain or anyone else. As to whether or not there should be reprisals or retaliations against Great Britain, that is a question which should have very careful consideration before any action is taken. We know that reprisals and retaliations invite reprisals and retaliations, and very frequently lead to controversies which may result in war. I do not think any Member of this body has argued that viewpoint with any more strength than has my friend from Missouri, and he probably holds the same view now.

Mr. CLARK of Missouri. Certainly the Senator has never heard me assert any such proposition as that it might lead to war for the United States Congress to refuse to appropriate public funds for the purpose of our airships landing in Bermuda or any other particular foreign country.

Mr. McKELLAR. Mr. President, this item of \$16,000,000 includes all the appropriations for air-mail service everywhere, including service across the Pacific Ocean, where we have had a successful line for a number of years, and service all around the South American Continent, which is absolutely necessary. If any of this money is used contrary to

the proposed limitation, I do not know what will happen to all of it. I think we ought to let the matter alone.

Mr. CLARK of Missouri. Mr. President, will the Senator from Nevada [Mr. PITTMAN] permit me to ask the Senator from Tennessee [Mr. McKELLAR] a question? This is the last time I shall interrupt the Senator.

Mr. PITTMAN. Certainly.

Mr. CLARK of Missouri. Does the Senator from Tennessee contend that my amendment prohibiting American airships from stopping at Bermuda would interfere with the trans-Pacific flights of the Pan American Lines?

Mr. McKELLAR. I will read the amendment—

Mr. CLARK of Missouri. I have read the amendment. I wrote it. The Senator from Tennessee just advanced the proposition that my amendment putting a limitation on the expenditure of funds for planes which stop at Bermuda would interfere with the appropriation for trans-Pacific flights.

Mr. McKELLAR. The amendment says:

That no part of the money appropriated under this item shall be expended for transportation of foreign mails by any aircraft landing on the island of Bermuda (except in the case of forced landings)—

Mr. CLARK of Missouri. What has that to do with the Pacific?

Mr. McKELLAR. The same company which runs the lines in the Pacific and in South America also runs this line—

while a proclamation issued under authority of section 1 (a) of the Neutrality Act of 1939, and naming the United Kingdom, is in effect and while the Government of the United Kingdom asserts any alleged right to stop American aircraft and examine and confiscate mail.

I do not know what the amendment does, but it applies to the whole amount; and certainly if it does not jeopardize all the other services, it jeopardizes all the air-mail system across the Atlantic Ocean.

Mr. PITTMAN. Mr. President, as I was saying, there is no doubt that the Senator from Missouri and other Senators realize the dangers of retaliations and reprisals. We all know what they lead to. As a matter of fact, in the World War, time after time, Great Britain and Germany each excused its own illegal acts on the ground of illegal acts of the other. I feel that when the time comes in the protection of our rights under international law or our rights under treaties, we may be justified in using retaliations and reprisals, particularly in the violation of a treaty, if the violation is admitted. Nevertheless, I realize the danger of hasty acts of that kind. I do not think any measure of retaliation should be enacted upon the floor of the United States Senate without any consideration by a committee, or any conference with the State Department, or any recommendations whatever. If this amendment has any effect whatever, it must be in the nature of retaliation against Great Britain for committing an illegal act in holding up our mails.

Mr. ADAMS. Mr. President, will the Senator yield?

Mr. PITTMAN. I yield to the Senator from Colorado.

Mr. ADAMS. The Senator is speaking of retaliation. I infer from the earlier part of the statement that this air-mail service is very greatly to the benefit of the United States; that it is our country which profits by the mail service. If we stop it, the retaliation will be upon ourselves. In other words, we are proposing to deny ourselves the benefit of the air-mail service because we dislike something which Great Britain does in the course of its war policies; so we shall be the sufferers from the reprisal.

Mr. PITTMAN. I still think the intent of the proposed action is retaliation. The effect of it, of course, would be exactly as the Senator from Colorado has said: We would cut off our nose to spite our face.

The time may come, it may be nearly here, it may be here now, when the rights and dignity of the Government of the United States justify us in taking positive steps to stop illegal discriminations against our commerce and our mails. I think there is a far more serious subject than the stoppage of our mail at Bermuda. I think the threat of the German Government to sink our American vessels which have been forcibly taken into British ports upon the departure of those vessels

from those ports presents a far graver question than is presented simply by the illegal interference with our mails at Bermuda. I do not know any international law which permits a belligerent to go upon the high seas and take a neutral vessel into its port for the purpose of determining whether or not it has contraband on board.

I know belligerents have a right to stop a neutral vessel on the high seas, examine its cargo and its destination, and determine for themselves whether or not the cargo is contraband; but if they determine that it is not contraband, the ship moves on in its course.

The same question arose during the World War. At that time Great Britain took our neutral ships, with neutral cargoes, into British ports and kept them there for weeks. Sometimes, I believe, she confiscated the cargoes and paid for them. Admittedly, that was against international law at that time, and it is against international law at this time.

I do not think Germany has a legal right to sink American vessels departing from British ports in such circumstances. Germany knows at this time that under our law our vessels cannot be, and are not, armed. She knows that they will stop and submit to search and seizure. Therefore, to submarine an American vessel leaving a British port would be not only an illegal but a brutal act; and the worst of it is that the repeated taking of the lives of American citizens under those conditions would excite this country. It might excite it to the point where the country would go to extremes. I do not believe it would, nor do I believe Congress would ever declare war by reason of such acts. Nevertheless, it would be justified in doing so under the theories of the past.

We now have American ships on the high seas, moving around the world. Their destinations are known to the whole world. Their cargoes can be ascertained by the British Ambassador here before the ships sail. Not a pound of that freight is moving to any belligerent. Not a pound of that freight is going into any part of the combat area established by the President under the Neutrality Act. The only excuse Great Britain could have for claiming that there is a pound of contraband in any of those cargoes is under the theory of continuous voyage and ultimate destination, that some of these goods are going into Italy, and ultimately will be transported into Germany.

Mr. REYNOLDS. Mr. President, will the Senator yield?

Mr. PITTMAN. Just for a question. I am now presenting a situation, and I prefer to have the Senator wait until I conclude.

Mr. REYNOLDS. The Senator has just stated that our ships are now traveling in neutral zones; and we know that none of them have been sunk. If they continue to travel in neutral zones, and, against the will of their captains, are taken into the war zone by British ships, and any of those American ships, having been taken out of the neutral zone against the will of their captains, as a result thereof are sunk by German submarines, who will be to blame?

Mr. PITTMAN. I am now discussing that question.

Mr. REYNOLDS. I ask the Senator, Who will be to blame?

Mr. PITTMAN. I prefer to answer the question in my own way, if the Senator from North Carolina will permit me to do so. It is very hard to answer by "yes" or "no" questions of such grave purport, involving so many different degrees of guilt or lack of guilt.

I say, however, that the only excuse the British Government could have for examining the cargo of any of these ships going through the Mediterranean is under the theory of continuous voyage, which theory was established by the Supreme Court of the United States. At that time, apparently, goods coming to the British possessions off the coast of Florida had nowhere to go except to the Confederate Government. All true; but in this case it is absurd, or, if not absurd, it is arbitrary, for the British Government to say that American vessels which are prohibited from going into any zone around Great Britain or Germany, limited in their course, limited in their transactions to neutrals and to neutrals outside of contraband zones, can be carrying goods to a belligerent under the far-fetched theory of continuous voyage.

The British Ambassador can go to the State Department and find out every ship that is going to sail, and every kind of cargo on it, and the destination of all of it. We must take notice of actual facts in the world. We know that there is not a country on the Mediterranean today which would voluntarily ship any goods into Germany. It is said that goods going to Italy may go into Germany. Of course, that is true; yet general knowledge of the conditions in Italy today, of the sentiment of the people of Italy, of the disposition of Mussolini, contradict any desire upon the part of Italy to furnish munitions of war at this time to Germany. But suppose part of a few cargoes on a few American ships that stop in Italy should leak across the mountains into Germany: Would that justify this illegal taking of our ships into ports into the war zone and the threatening of their destruction through retaliation by Germany?

If the United States were an antagonistic nation, if it were sympathetic with the enemies of Great Britain, if it would be natural for us by subterfuge to try to get something into Germany in some way, somehow, then the British Government's attitude might find some justification and some excuse. In the past it may have been only a commercial interference. It may have affected the profits of a trip to have one vessel held up in a British port for 15 days while its competitor was held up for only 3 days; but matters have now gone beyond that point. We are now facing the direct issue that our merchant vessels will be taken into a port of Great Britain, at Gibraltar, and there searched for what the British call contraband, which in the very nature of things cannot be such; and that alleged contraband taken into British ports the British Government itself determines to be contraband on some far-fetched theory of international law with regard to contraband. Germany has announced that she is going to retaliate for that action. If our ships which are dragged against our protest into those British harbors, when they leave on their voyage, unarmed, attempting to carry out our Neutrality Act, sacrificing our shipping to a great extent to do it, without arms, openly disarmed, are sunk in the night in the Mediterranean by a submarine without notice—if and when that happens, it is going to arouse an intense feeling in this country; and if it is repeated, that feeling will grow worse. Those are the things which will cause the Congress, as well as the administration, to think of what steps must be taken to remove that danger and that threat.

I should not be prepared here to propose any particular method. I should not be prepared here to vote for any particular method. I should not be prepared even to offer anything until I had obtained all the facts at the present time from the State Department. We may have to do it sometime; but, in view of the seriousness of retaliation, of reprisals, in view of the fact that if this is a reprisal upon Great Britain we shall be injured a hundred times more than Great Britain will be injured, it loses its effect as a reprisal. We should not attempt to deal with such an important matter by legislating on an appropriation bill. Even though it be legal legislation by limitation, still if it is legislation there is only a technical parliamentary distinction; and we should not attempt in that way to deal with such a vital question as this question is today.

SEVERAL SENATORS. Vote! Vote!

Mr. REYNOLDS. Mr. President, I desire to say a few words before the vote is taken.

I think we have arrived at a time in this country when we should realize that we are confronted with more danger than ever before since war was declared on September 3. I am interested only in keeping the United States out of this war. I know that 99 percent of the American people want to stay out of this war, despite the fact that I believe 90 percent of our people are 100 percent in favor of the Allies.

It is not my understanding that the senior Senator from Missouri is trying to destroy our air-mail system. To judge from what has been said here, one reading the RECORD would unquestionably get the impression that he was attempting to destroy that system.

Mr. CLARK of Missouri. Mr. President, will the Senator yield?

Mr. REYNOLDS. Certainly.

Mr. CLARK of Missouri. The only purpose and intent of the amendment, and the only purpose that can possibly be accomplished by it, is to stop the expenditure of public funds for assisting American aircraft which are to stop at Bermuda, so long as a position which our State Department has asserted and feels is unlawful, is maintained by Great Britain.

Mr. REYNOLDS. In addition to that, it is my understanding that the Senator from Missouri is interested in protecting American interests by way of speeding the American air mail.

Mr. CLARK of Missouri. Certainly.

Mr. REYNOLDS. Mr. President, I do not think we should be criticized for attempting to look after our own interests. I think it is time a number of the American people became pro-American. It is not denied that America is pro-British to a large extent, but I think the time has arrived when some of us should become pro-American. I am interested in protecting the interests of the people of the United States, and I do not see why there should be any criticism directed toward any Member of this body or any Member of the House of Representatives when he rises in the interests of the United States Government, whom we are supposed to represent.

Great Britain has stopped our ships at Bermuda, she has insisted upon examining the mail—every bit of it—reading the letters and opening up the packages, because otherwise she would not know whether it was contraband or not. It will be all the better if we can send a plane from this country to Lisbon, the capital of Portugal, with one stop, as suggested by the able junior Senator from New York [Mr. MEAD], who I dare say is as familiar as any other man in this body, and, as suggested by him, the probabilities are that we would save money.

It is said that there is someone in authority in this Government who has a right to designate the route, and say where these ships should fly from and where they should stop, and it has been suggested that such an order will be issued. But why depend upon a mere suggestion, a presumption that that will be done, when the amendment offered by the Senator from Missouri will assure that it will be done? Why take a chance on something being done when we may know it will be done?

Mr. CLARK of Missouri. Mr. President, will the Senator yield?

Mr. REYNOLDS. I yield.

Mr. CLARK of Missouri. In the event the Civil Aeronautics Authority, or the Pan American Air Lines, or anybody else in authority, decided to fly planes from Puerto Rico to the Azores, or from Charleston, S. C., to the Azores, or from Wilmington, N. C., to the Azores, as is entirely practicable, then this amendment would have no force and effect whatever. This would not interfere with the air-mail appropriation, because the planes would not stop at Bermuda, and the British would not have a chance to search the mail and confiscate part of it. I call the attention of the Senator to the fact that the British not only claim but exercise the right to search mail coming to the United States from Europe as well as that going from the United States to Europe. The question as to its being contraband does not enter into it at all.

Mr. REYNOLDS. The word "retaliation" was employed here a moment ago. One of our colleagues—I have forgotten who it was—suggested that Great Britain might consider this an act of retaliation. Let us see about that.

We lifted the arms embargo for the purpose of assisting Great Britain, and, speaking of retaliation, Great Britain retaliated by putting an embargo on our tobacco and our cotton and stopping our ships and searching them and reading our mail.

I do not see how anyone could consider our act an act of retaliation if all we are endeavoring to do is to speed up our mail and to save money and to provide better mail accommodations for the American people. Have we arrived at a

point where we cannot rise in this Chamber and speak for the rights of our own Government? I know we have not.

I say that we are facing a very serious hour, and for the first time in this country the American people themselves recognize that we are facing a serious hour. They recognized it when Germany issued the statement to the effect that she felt she would have a right under international law to sink our ships if they were found out of the neutral zones and in the port of a belligerent.

I am not an authority upon international law, but I have made inquiry of Members of this body whom I do consider authorities, and they were not positive as to whether or not such an action on the part of Germany would be a violation of international law. But the point to which I am about to come I wish to illustrate in this manner: A is in this Chamber; he is in no danger whatsoever. On the outside of this barricaded Chamber there are murderers, and A knows that if he leaves the safety of this Chamber and goes outside of the Chamber he will be murdered. A, being a cautious man, is not desirous of being murdered; but B, who likewise is in this Chamber, boldly takes A on the outside of this Chamber and, as a result of the act of B, A is murdered by parties whom we will designate as C. Who is to blame? B and C are jointly to blame, because B had no right to take A out of the safety zone into the danger zone against his will.

Mr. ADAMS. The Senator would exonerate the murderers?

Mr. REYNOLDS. No; I would not exonerate the murderers, not at all, but I would hold B and C equally guilty. Our ships are traveling in neutral zones. We have done everything in the world we could to keep out of the war. We have done all we could, according to the dictates of our consciences, to keep America neutral, and keep it from being engaged in the squabble in Europe. We have wiped our ships from the seas.

Mr. LEE. Mr. President, will the Senator yield?

Mr. REYNOLDS. I yield.

Mr. LEE. Does the Senator's illustration mean that A stands for America and B for Britain?

Mr. REYNOLDS. Not at all. I am merely using that as a simple illustration. Our ships are traveling from American shores in neutral zones. They have never traveled outside of those neutral zones, those safety zones, and they are not going to. But Great Britain comes along and seizes our ships, she takes them out of the safety zones, and takes them into belligerent ports.

Germany notified this Government yesterday that hereafter if any of our ships were found outside of those neutral zones she felt that under international law she would have the right to sink those American ships. Our ships are going to continue to travel in those neutral zones. But suppose Great Britain seizes them at sea, as she has done heretofore, and takes them out of the safety zones into belligerent ports, against the will of the commanders of the ships, and while outside of a safety zone a ship is torpedoed and sunk. Who is to blame? Is England to blame or is Germany to blame? That is a question this body is going to be called upon to answer.

If England will stop her unwarranted seizure of our ships—and I use the word "unwarranted" for the reason that it was used a moment ago, according to my recollection, by the able chairman of the Committee on Foreign Relations, when he stated that they could find out what constituted the cargo of a ship which left our shores—

Mr. LUNDEEN. Mr. President will the Senator yield?

Mr. REYNOLDS. I yield.

Mr. LUNDEEN. If we are to judge by the temper of the people of the times in which Andrew Jackson lived, and the positive Americanism he exhibited at that time, would he not, when Britain seized our ships, seize Bermuda? I ask able Senators to read the state papers of Jackson, a great American. His patriotism was not diluted by propaganda and internationalism. He was an American, nothing but an American, and wholly an American. He was not pro this and pro that, and he left us a rich heritage of patriotism, a country free of debt, and not a shot was fired in any French-

American war; yet when the French Empire refused to pay us their just debt, Jackson threatened to seize their American territory.

Yes; the French paid, and paid in full, and there was no war; yet we were small and weak and they were great and strong; but they were 3,000 miles away across a great ocean, and we had a mighty man in the White House, whose word was respected in the councils of the nations of all the world.

Mr. REYNOLDS. I do not think Andrew Jackson would have put up with what we are bearing with now in many instances.

Mr. ADAMS. Mr. President, will the Senator yield?

Mr. REYNOLDS. I yield.

Mr. ADAMS. While the Senator has been very modest in his disclaimer of being an expert on international law, I look upon him as very much of an expert.

Mr. REYNOLDS. I do not claim to know a thing about international law.

Mr. ADAMS. We recognize the Senator as being well versed in it. The Senator's argument is premised on the fact that Germany would have a right to sink an American ship if it went into a belligerent port. As a matter of fact, the Senator will agree that Germany has no right to sink an American ship engaged in ordinary commercial traffic, even though it goes into a British port, unless it is carrying contraband or is seeking to run a blockade.

Mr. REYNOLDS. I quite understand that. I did not say that Germany had that right. Up to date not one of our ships has been attacked, not one of our ships has been sunk; therefore, if we are to judge the future by the history and experience of the past, we may continue upon the assumption that, so long as our ships remain within the confines of the neutral zones, they will not be sunk.

Mr. ADAMS. The Senator knows that this country went to war in order to protect the right of American ships engaged in peaceable commerce to go into the war zone during the World War.

Mr. REYNOLDS. After this country had been flooded with propaganda; and I think that propaganda spread in this country by the British was more largely responsible for our entering the war than was the sinking of any ship. The sinking of the *Lusitania* was merely the climax of the whole thing.

Mr. ADAMS. A British ship.

Mr. REYNOLDS. Yes.

Mr. ADAMS. Does the Senator think that under any condition a passenger ship or a freight ship can lawfully be sunk by a submarine?

Mr. REYNOLDS. Does the Senator mean an American ship?

Mr. ADAMS. Yes.

Mr. REYNOLDS. That is a question of international law, and I just told the Senator that I did not hold out the slightest claim of being one well versed in international law. I am merely saying that up to this hour—that is, since September 3—our ships have been traveling exclusively in neutral zones, and not one of those ships has been sunk or attacked by German submarines. I say that if we can judge the future by the past, so long as our ships stay in neutral zones, they will not be attacked, they will not be sunk. The question I bring to the attention of the Senate is this: Suppose that one of our ships travels in a neutral zone. Suppose Great Britain takes that ship out of the neutral zone into belligerent waters and she is sunk by a German submarine, what is going to happen? You know what is going to happen, and I know what is going to happen. The American people will become so thoroughly inflamed that they will demand actual physical retaliation, and they will want to go to war.

Mr. BARKLEY. Mr. President—

The PRESIDING OFFICER (Mr. MINTON in the chair). Does the Senator from North Carolina yield to the Senator from Kentucky?

Mr. REYNOLDS. I gladly yield.

Mr. BARKLEY. If it be true, as the Senator from Colorado [Mr. ADAMS] has so forcefully suggested, that an Ameri-

can ship cannot legally be sunk if it goes voluntarily into a belligerent zone or combat zone, what additional right is given to the other belligerent if that ship is involuntarily taken into the combat zone and, when it is released, seeks to go back into the neutral zone? What additional right would be given to Germany or any other nation to sink that ship because it happened to be found in a combat zone, where it had been taken involuntarily and while it is trying to get out and back into a neutral zone? And would the Senator hold equally guilty of the murder of American citizens the nation which had taken it into the combat zone with the nation that sank it while in the combat zone?

Mr. REYNOLDS. I cannot make an argument on an assumption of that sort. I am simply bringing a question to the attention of the Members of the Senate, and asking what would happen if one of our ships while traveling in a neutral zone were forcibly and against its will taken out of that zone and placed in belligerent waters or a port, and then sunk by the Germans. Whether such action is legal or illegal, the American people will demand retaliation. The American people will become aroused, because up to date we have had almost the same amount of propaganda in this country that we experienced prior to our entrance into the last war. For that reason I am highly interested in a resolution which I understand has been introduced by the senior Senator from Missouri [Mr. CLARK] designed to look into the matter of propaganda which is being spread in this country by paid lecturers from abroad and by socialite aliens who are honeycombing this country to the detriment of the American people.

Mr. LUNDEEN. Mr. President, will the Senator yield?

Mr. REYNOLDS. I yield.

Mr. LUNDEEN. We are looking into propaganda in this country, Mr. President, but we are not looking into British propaganda in this country, and that is the most dangerous of all propaganda, because it aims to bring us into war.

The British now seize our ships and take them into the war zone, thinking thereby they can put America into the war. And I ask distinguished and able Democrats sitting before me here to read the story of Andrew Jackson before they smile at any deductions we may make from his philosophy.

Bermuda is an American island. It holds a key position on our Atlantic coast. From its shores bombers can attack our great cities and industrial plants. Here we have the British monopolizing Bermuda, siphoning in our wealth from the United States of America, and now insolently opening our mails while our door-mat State Department makes a few weak gestures. The British know that no serious protest will be made.

We made the same weak gestures during the World War, and we are repeating the same procedure now. However, if Germany or Italy or Japan or the U. S. S. R. dare to assert their rights as they see them, our diplomats rage in frantic fury. Why not take a positive stand? Why not assert our American rights when the British are involved? I repeat, if we had an Andrew Jackson in the White House today when the English seize our ships and wrongfully take them into the war zones, where the Germans may sink them, a Jacksonian President, judging by his state papers while President, would seize Bermuda and hold it until the British came to their senses and made some real effort to respect American rights.

Mr. REYNOLDS. Mr. President, we are facing a dangerous situation. Of course, it is dangerous for any man in public life to open his mouth or to utter one word in behalf of his country if of necessity in that argument he must mention Great Britain, because it is said that those who openly oppose our entrance into this war are pro-Nazi. So far as I am concerned, I do not care what they say or write about me, so long as I have the right in this body or in any other public forum to speak out in the interest of the American people, and I say it is high time that the American people became pro-American. It is high time that we begin looking after our interests, the interests of the United States, instead of pussyfooting around and being afraid to say anything that might be construed to be against Great Britain.

Mr. President, I am not against Great Britain. I am not against anybody. I am only pro-United States of America.

Getting back to the Senator's amendment, I do not see how the adoption of his amendment will destroy our air-mail system. I dare say without hesitation that there is no one in this body who is more thoroughly enthusiastic in the support of our air-mail system than I am. I know that the development of the Pan-American Air Lines in all of the more than 20-odd republics and dictatorships to the south of us has done more to help our businessmen, our industrialists, than anything else has done. I know that the businessmen of this country have been helped by the extension of our lines to the Hawaiian Islands and across to Guam and Manila in the Far East, and, prior to the war, to Hong Kong, and also to Canton, 100 miles up the river.

I was happy to learn several days ago that the Pan American Lines intends to extend a branch from Honolulu to New Zealand, to connect there with the British lines extending to Perth, Melbourne, and Sidney, and north to Darwin and south to Tasmania. I think that is marvelous.

I have been very enthusiastic about the speeding up of the carrying of mail from American shores to Europe. But if we appropriate money here, let us make the best utilization of that money for the American people. If, as has been said, an Executive order is all that is necessary to route those ships away from Bermuda, fine and dandy; but now, when we have an opportunity to say we shall not subject ourselves to embarrassment—we shall not permit those whom we are intending to favor to make examination of our mails and to destroy our ships—why not do it here by way of the Senator's amendment?

Mr. President, it may be the British are retaliating against us for favoring them in stopping at Bermuda. Let us see about another piece of retaliation. Ninety-five percent of the revenue derived by the Government of Bermuda, whose capital is Hamilton, comes out of the port of New York. I dare say that 90 percent of all the tourists that go to Bermuda come from the United States of America. We provide the funds for the running of the government there. The United States provides 95 percent of all the revenues that the British there have with which to conduct their government.

We favor them further by providing them with the convenience of an airline from New York to Bermuda and from Bermuda to Europe, and after having provided them with that favor perhaps they are attempting to retaliate by holding up our airships and examining our mail.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Missouri [Mr. CLARK] on page 49, line 17.

Mr. CLARK of Missouri. Mr. President, I ask for the yeas and nays on the amendment; and, pending that, I make the point of order that there is no quorum present.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Donahey	Lundeen	Schwartz
Ashurst	Frazier	McCarran	Schwellenbach
Bankhead	Gerry	McKellar	Sheppard
Barbour	Gillette	McNary	Shipstead
Barkley	Glass	Maloney	Smathers
Bilbo	Green	Mead	Smith
Brown	Guffey	Miller	Stewart
Bulow	Gurney	Minton	Thomas, Idaho
Burke	Hale	Murray	Thomas, Okla.
Byrnes	Hayden	Neely	Thomas, Utah
Capper	Herring	Norris	Tobey
Chandler	Hill	Nye	Townsend
Chavez	Johnson, Calif.	O'Mahoney	Van Nuys
Clark, Idaho	Johnson, Colo.	Pepper	Wagner
Clark, Mo.	La Follette	Pittman	Walsh
Connally	Lee	Reed	Wheeler
Danaher	Lodge	Reynolds	White
Davis	Lucas	Russell	Wiley

The PRESIDING OFFICER. Seventy-two Senators have answered to their names. A quorum is present.

The question is on agreeing to the amendment offered by the Senator from Missouri [Mr. CLARK] to the committee amendment on page 49.

Mr. CLARK of Missouri, Mr. JOHNSON of California, and other Senators demanded the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. McNARY (when his name was called). On this question I have a pair with the senior Senator from Mississippi [Mr. HARRISON]. Not knowing how he would vote, I withhold my vote. If I were at liberty to vote I would vote "yea."

Mr. STEWART (when his name was called). I have a pair with the junior Senator from Oregon [Mr. HOLMAN], who is absent. I am not advised how he would vote. I transfer that pair to the junior Senator from Illinois [Mr. SLATTERY] and vote. I vote "nay."

Mr. THOMAS of Utah (when his name was called). On this question I have a pair with the senior Senator from New Hampshire [Mr. BRIDGES]. I transfer that pair to the senior Senator from Arkansas [Mrs. CARAWAY] and vote. I vote "nay."

The roll call was concluded.

Mr. MINTON. I announce that the Senator from North Carolina [Mr. BAILEY], the Senator from Washington [Mr. BONE], the Senator from Virginia [Mr. BYRD], the Senator from Arkansas [Mrs. CARAWAY], the Senator from California [Mr. DOWNEY], and the Senator from Missouri [Mr. TRUMAN] are absent from the Senate because of illness.

The Senators from Louisiana [Mr. ELLENDER and Mr. OVERTON], the Senator from Illinois [Mr. SLATTERY], the Senator from West Virginia [Mr. HOLT], the Senators from Maryland [Mr. TYDINGS and Mr. RADCLIFFE] are detained on important public business.

The Senator from Florida [Mr. ANDREWS], the Senator from Delaware [Mr. HUGHES], the Senator from New Mexico [Mr. HATCH], and the Senator from Mississippi [Mr. HARRISON] are detained in various Government departments.

The Senator from Georgia [Mr. GEORGE] and the Senator from Utah [Mr. KING] are attending committee meetings and are, therefore, necessarily absent.

Mr. McNARY. I am requested to announce that the Senator from Vermont [Mr. AUSTIN] and my colleague [Mr. HOLMAN] are absent on account of illness.

The Senator from Vermont [Mr. GIBSON], the Senator from New Hampshire [Mr. BRIDGES], and the Senator from Michigan [Mr. VANDENBERG] are unavoidably detained.

The Senator from Ohio [Mr. TAFT] is detained in a conference.

The result was announced—yeas 25, nays 46, as follows:

YEAS—25

Barbour	Frazier	Miller	Thomas, Idaho
Bulow	Gurney	Nye	Tobey
Capper	Johnson, Calif.	Pepper	Walsh
Clark, Mo.	Johnson, Colo.	Reed	Wheeler
Danaher	La Follette	Reynolds	
Davis	Lodge	Russell	
Donahey	Lundeen	Shipstead	

NAYS—46

Adams	Gerry	McKellar	Smathers
Ashurst	Gillette	Maloney	Smith
Bankhead	Glass	Mead	Stewart
Barkley	Green	Minton	Thomas, Okla.
Bilbo	Guffey	Murray	Thomas, Utah
Brown	Hale	Neely	Townsend
Burke	Hayden	Norris	Van Nuys
Byrnes	Herring	O'Mahoney	Wagner
Chandler	Hill	Pittman	White
Chavez	Lee	Schwartz	Wiley
Clark, Idaho	Lucas	Schwellenbach	
Connally	McCarran	Sheppard	

NOT VOTING—25

Andrews	Downey	Holt	Taft
Austin	Ellender	Hughes	Truman
Bailey	George	King	Tydings
Bone	Gibson	McNary	Vandenberg
Bridges	Harrison	Overtton	
Byrd	Hatch	Radcliffe	
Caraway	Holman	Slattery	

So the amendment of Mr. CLARK of Missouri to the committee amendment was rejected.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment on page 49, line 16.

Mr. CLARK of Missouri. Mr. President, I do not intend to detain the Senate by asking for the yeas and nays on the

committee amendment. I merely desire to make it a matter of record that I cast my vote against this unjustifiable extravagance in the committee amendment increasing the appropriation over that allowed by the House.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment on page 49, line 16.

The amendment was agreed to.

The next amendment was, under the subhead "Office of the Second Assistant Postmaster General", on page 49, line 21, after the word "offices", to strike out "\$11,100,000" and insert "\$11,150,000", so as to read:

Star route service: For inland transportation by star routes (excepting service in Alaska), including temporary service to newly established offices, \$11,150,000.

The amendment was agreed to.

The next amendment was, on page 50, line 2, after the word "letters", to strike out "\$1,270,000" and insert "\$1,325,500", so as to read:

Powerboat service: For inland transportation by steamboat or other powerboat routes, including ship, steamboat, and way letters, \$1,325,500.

The amendment was agreed to.

The next amendment was, on page 51, line 25, after the word "to", to strike out "the Fifth Congress of the Postal Union of the Americas and Spain, \$7,500, to remain available until June 30, 1942, this sum to be expended in the discretion of the Postmaster General and accounted for on his certificate notwithstanding the provisions of any other law", and insert: "(a) A meeting of a Technical Committee for Transit of the Universal Postal Union, \$5,000, to be immediately available; (b) a special Congress of the Universal Postal Union, \$10,000; (c) the Fifth Congress of the Postal Union of the Americas and Spain, \$7,500, to remain available until June 30, 1942; these sums to be expended in the discretion of the Postmaster General and accounted for on his certificate notwithstanding the provisions of any other law", so as to read:

Foreign mail transportation: For transportation of foreign mails, except by aircraft, \$2,670,000: *Provided*, That the Postmaster General is authorized to expend such sums as may be necessary, not to exceed \$70,000, to cover the cost to the United States for maintaining sea post service on ocean steamships conveying the mails to and from the United States: *Provided further*, That of this sum there may be available for expenses of delegates designated from the Post Office Department by the Postmaster General to (a) a meeting of a Technical Committee for Transit of the Universal Postal Union, \$5,000, to be immediately available; (b) a special Congress of the Universal Postal Union, \$10,000; (c) the Fifth Congress of the Postal Union of the Americas and Spain, \$7,500, to remain available until June 30, 1942; these sums to be expended in the discretion of the Postmaster General and accounted for on his certificate notwithstanding the provisions of any other law.

The amendment was agreed to.

The next amendment was, under the subhead "Office of the Fourth Assistant Postmaster General", on page 56, line 25, after the word "offices", to strike out "\$9,950,000" and insert "\$10,000,000", so as to read:

Rent, light, fuel, and water: For rent, light, fuel, and water, for first-, second-, and third-class post offices, and the cost of advertising for lease proposals for such offices, \$10,000,000.

The amendment was agreed to.

The PRESIDING OFFICER. That completes the committee amendments. The bill is still before the Senate and open to further amendment.

If there be no further amendment, the question is on the engrossment of the amendments and the third reading of the bill.

Mr. MEAD. Mr. President, before we conclude the Senate action on this bill, while I am in agreement with the Senator in charge of the bill [Mr. McKellar] and the subcommittee which reported the bill, I wish to point out what I deem to be a very important matter of public policy which affects the appropriation for the Railway Mail Service. I refer to the item on page 50. It has to do with what I believe is the most effective and the most excellent domestic service that we have within the Post Office Department.

In 1939 the appropriation for the Railway Mail Service was \$57,500,000. In 1940 it was reduced to \$56,000,000. In 1941 the Post Office Department recommended to the Budget Bureau an appropriation of \$56,748,000. The Budget Bureau reduced that amount, and recommended in its report \$56,283,000. The deficit for the current year amounts to \$326,000. If that were taken into consideration together with the recommendations made by the Post Office Department, and if, in addition to that, consideration were given to the constant and steady upturn in postal volume, the appropriation for 1941 would at least equal the appropriation for 1939.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. MEAD. I yield.

Mr. McKELLAR. We invited the heads of the several branches of the Post Office Department to appear before the committee to make any suggestions they had about appropriations. They were entirely satisfied with this appropriation, and offered no evidence concerning it. We thought they probably knew how much they wanted, and we accepted their statement about it.

Mr. MEAD. Mr. President, as I said at the outset, I am finding no particular fault with the subcommittee. I really believe that in the consideration of the bill, taken as a whole, the subcommittee has been extremely fair and most considerate.

However, I wish to point out for the future guidance of the subcommittee—and not at all for an increased appropriation—the fact that we are impoverishing a service which, by reason of its speed and excellence, increases and attracts added volume, which means added revenue to the Postal Service taken as a whole.

When we reduce this particular item, and postal volume continues to increase, it must be collected, sorted, and distributed. But if this key Service—excellent, speedy Railway Mail Service—is without funds, then the mail must be handled in the next best manner. So we find in the Post Office appropriation bills a developing increase in other items and a corresponding decrease in this item, which means not exactly economy, but a slowing-up of the delivery of the mail.

To indicate that I have some substantial ground upon which to base my argument, I find in the report on this particular item by the committee on the other side of the Capitol this information:

If it should be necessary to increase the permanent forces, the committee understands and expects that the Department will care for the volume of the mail, and if it becomes necessary to go on a deficiency basis, the Congress will provide the additional sum which absolute necessity indicates will have to be granted. This is not a new procedure in the handling of postal affairs—

So indicates the committee—

and is deemed a wiser course than in appropriating fully for a maximum anticipated volume of business 18 months in advance of the time when the period, in which that volume of business would arise, will expire.

One would take it from that statement that the committee anticipates a deficiency. There is, in reality, a deficiency now. One would also assume from that statement that it would be perfectly all right—in fact, in order—for the Department to operate the Service on a deficiency basis; but let me read what another committee has to say. This is what the law has to say.

About the time this report was made, about the time this hearing was held, about the time the Department was advised to come in and ask for a deficiency appropriation, the chairman of the House Committee on Expenditures in the Executive Departments brought to the attention of the body section 169 of the general law—section 665, title 31, United States Code—wherein is found this statement:

No executive department or other Government establishment of the United States shall expend, in any one fiscal year, any sum in excess of the appropriations made by Congress for that fiscal year, or involve the Government in any contract or other obligation for the future payment of money in excess of such appropriations unless such contract or obligation is authorized by law. Nor shall any department or any officer of the Government accept voluntary serv-

ice for the Government or employ personal service in excess of that authorized by law, except in cases of sudden emergency involving the loss of human life or the destruction of property.

And so forth. In the report of the House committee we find an open invitation to come in and ask for a deficiency appropriation. In the operation of this particular service we find that a deficiency actually exists. In the other items contained in the appropriation we find wholesome, healthy increases in appropriations in direct proportion to the increased volume of mail, but in this item we find a reduction of the amount asked for by the department. In these two conflicting statements we find an invitation to come in and get the deficiency appropriation, and a warning that "you will be violating the law, and held to a strict accountability, if you do."

So I hope that in the consideration of all items for the collection, transportation, and distribution of the mail, whether it be by star route, rural route, Railway Mail Service, or any other service, prudent consideration will be given to the appropriation of a sufficient amount of money, not for the collection and distribution of the mail by any medium but for the collection and distribution and transportation of the mail in accordance with the traditions of the Postal Service; that is, the best, the speediest, and the most attractive manner.

I merely desire to make this point, and then I am through:

The Railway Mail Service is being impoverished. Other services are receiving wholesome increases. In the name of the Railway Mail Service, I ask the committee to go completely into the record, to consider this item from every reasonable approach, and to see to it that they secure the appropriation for the deficiency which in reality they have been invited to apply for.

Mr. THOMAS of Oklahoma. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. THOMAS of Oklahoma. What is the issue now before the Senate?

The PRESIDING OFFICER. The engrossment of the amendments and the third reading of the bill.

Mr. THOMAS of Oklahoma. I call for that question.

The PRESIDING OFFICER. The question is, Shall the amendments be engrossed and the bill be read a third time?

The amendments were ordered to be engrossed, and the bill to be read a third time.

The PRESIDING OFFICER. The bill having been read three times, the question is, Shall it pass?

Mr. THOMAS of Oklahoma. Mr. President, I had intended to discuss the question of our gold and silver policy in connection with the passage of this bill. Shortly after 12 o'clock I made a promise that I would not make my remarks until just before the passage of the bill. At that time I had no idea that we should have 4 hours of discussion; but before the vote is finally taken I desire to use a few minutes of the time of the Senate in the discussion of the question which has been raised on the other side of the aisle; that is, criticisms of our gold and silver policies.

Mr. President, the vote about to be cast is on the bill proposing to make appropriations for the Treasury Department for the fiscal year ending June 30, 1941.

This bill provides the money to run the Treasury Department, and the Treasury Department provides the money to run the Government. In addition to financing the Government, the Treasury Department shapes, if not controls, the financial policies of not only the United States but the world.

The question of money is the most important question that can confront any nation. Now, after thousands of years of civilization's development, we find the world without a recognized monetary system, with each nation, including the United States, operating on a 24-hour basis.

Under our Constitution, the Congress is the policy-making branch of our Government.

Under the Constitution, the Congress has original and exclusive jurisdiction and power to provide and maintain a monetary system for our country. Since records have been

kept, gold and silver have been by all peoples recognized and used as money. Yet today we have pending in the Congress bills proposing to discredit and discontinue the use of silver as money; and we have Senators and Representatives, in and out of this Capitol, making speeches and writing articles seeking to discredit, if not discontinue, the use of gold as the common money of account not only of our country but of the world.

During recent months some distinguished and able Senators, economists, bankers, and publicists have tried to disarrange, if not disrupt, what little stability relating to money we still have left in the world.

May I remind these gentlemen, upon whose shoulders rests very great responsibility, that at this hour our monetary system is the one and only beacon light for all the nations of the earth. To destroy this light and to disrupt our policy will bring immediate economic chaos to each and every nation dealing in international commerce and trade.

Should we discredit gold by refusing to accept the metal as money, the world would be forced to go on a 100-percent barter basis.

On this occasion the time I shall use will be on only one phase of our financial policy—our policy relating to gold.

As briefly as possible I shall try to state and analyze the problem; and later I hope to be able to suggest possible solutions and remedies.

Mr. President, before discussing our so-called gold policy, I shall refer briefly to some of the criticisms in an effort to learn, if possible, of the alleged objections to such policy.

On January 29 the senior Senator from Delaware [Mr. TOWNSEND], in addressing a press association, is reported to have referred to our gold policy as "a one-way street."

Again on February 1, in addressing the Senate, the Senator made the following statement:

I assure the Senate that the present gold and silver policy cannot endure.

On February 9 the junior Senator from Connecticut [Mr. DANAHER] referred to our policy as "a mistaken, fallacious gold policy."

On February 8 the senior Senator from Michigan [Mr. VANDENBERG], in connection with his request to insert some data in the RECORD, said:

We are buying all this Russian gold, which, I understand, costs not more than \$11 an ounce to mine, at \$35 per ounce. It is all part of our general gold folly.

Again on February 10, in delivering a Lincoln Day address at St. Paul, the distinguished Senator is reported to have made an attack upon our gold and silver policy.

In a copyrighted article under the heading "Vandenberg lays platform for Presidency," we find the following sentences:

Stop buying all the gold and silver of the world at swollen prices, when we already have twice as much as we can use. Yes; stop buying gold from Russia at \$35 an ounce which Russia produces for \$11 an ounce and puts the profit into the execrable war upon Scandinavia.

Mark Sullivan, a well-known writer, calls our gold policy "a golden elephant."

The American Banker prints an editorial under the caption, "Our Gold—An Unsolved Problem."

Roger W. Babson, an economist, says that "we have 70 percent of the world's gold. That is too much."

R. C. Leffingwell, a Morgan partner, says:

We are buying gold we don't want and can't use.

Winthrop W. Aldrich, chairman of the board of directors of the Chase National Bank, a \$3,000,000,000 institution, in his report to his stockholders, says:

This influx of gold into the United States is far from an unmixed blessing.

E. A. Goldenweiser, economist for the Board of Governors of the Federal Reserve System, admits that we have a gold problem today.

The Washington Post in a recent editorial refers to our gold policy as outrageously irresponsible.

Mr. President, what is this "one-way street," this "mistaken, fallacious gold policy," this "gold folly," this "golden elephant," this "far from unmixed blessing," and this "outrageously irresponsible" something that seems to be haunting the Washington Post?

What is the objection, or what are the objections, raised to date by the critics of our gold policy and program?

An examination of the speeches made and articles published to date reveals three charges or indictments, as follows:

The first objection or indictment seems to be leveled at our policy of accepting Russian gold in payment for American goods, wares, services, and commodities, or for settling trade balances due institutions and interests in the United States.

The second count or indictment seems to be leveled against the law which fixes the value of gold at \$35 per fine ounce; and

The third complaint seems to be that we are acquiring too much of the golden metal.

Before undertaking any explanation of our so-called gold program let me quote from some of our critics as to the effect of the policy we have adopted and are now pursuing.

The senior Senator from Delaware [Mr. TOWNSEND], while condemning our policy in his address before referred to, states:

When foreign bullion comes here and the foreign sellers get dollars for it, those dollars may be used in three ways: To build up foreign bank deposits here; to be invested in securities or factories here, or to buy American goods, pay for American services, and the like. In fact, the billions of dollars of proceeds of the foreign metal sent here in recent years have been used in all three ways.

It is true that the use of such foreign-owned dollars to buy our motortrucks, our cotton, or our airplanes makes jobs for Americans. It makes export business.

The Washington Post, while condemning our program, admits that gold shipped from Russia "enables the Soviet Government to build up dollar balances here" and that "these dollars can be used to buy copper, machinery, and various goods that Russia needs."

While the critics of our gold policy condemn our acceptance of gold in payment for American products, yet those who have made a study of the problem admit that when gold comes here it is used to pay for our surplus products, such as manufactured articles, services, and commodities.

My senatorial colleagues condemn the policy of accepting gold, the only real money in the world, as payment for our products. But none of these critics have heretofore, to my knowledge, pointed out in detail the alleged defects of the system, nor have they proposed either a change or a modification of our so-called gold policy.

The eminent writer Mark Sullivan, while he ridicules and tries to make fun out of our gold policy, religiously refrains from hazarding a suggestion either for a change or a remedy. The nearest thing to a solution is his statement that we might give the gold "to our wives to wear as earrings and bracelets—mementos of a New Deal experiment."

The American Banker, presuming to speak for and to keep the bankers advised as to financial matters, although apparently condemning our policy, has neither amendment, change, nor solution to offer.

Roger W. Babson, while joining the anvil chorus in condemning the existence of so much gold in our Treasury, likewise fails to suggest a remedy.

At this point let me refer briefly to our so-called "silver policy." Relative to this policy we have no problem.

Under the act approved June 19, 1934, the Secretary of the Treasury is authorized and directed to acquire silver, but the rapidity with which he receives the white metal is left to the discretion of that official.

The act passed at the recent session refers only to silver mined in the United States and our possessions, and hence is subject to change at the will of the Congress.

All of our money is based on some kind of value. Our Federal Reserve notes, now in circulation to the amount of over \$5,000,000,000, are based upon 40 percent of gold and 60 percent of commercial paper, such as notes, bonds, and other evidences of indebtedness.

Our United States notes, now in circulation to the amount of \$346,000,000, are based upon gold bullion on deposit in the Treasury.

Our silver certificates, now in circulation to the amount of over \$1,700,000,000, are based upon silver bullion on deposit in the Treasury.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I am glad to yield.

Mr. CONNALLY. The Senator just stated that the silver certificates are based upon bullion on deposit, but is it not a fact that the provision of the act which requires the Secretary of the Treasury to maintain parity between all kinds of currency is equivalent to basing the silver certificates on gold?

Mr. THOMAS of Oklahoma. It is true, Mr. President, that under the Gold Standard Act passed in 1900, and later amended by the provision which was a part of the agricultural-adjustment measure which passed in 1933, the Secretary of the Treasury is under a mandate to keep all of our money on a parity with gold, not only the money at home but that abroad.

Mr. CONNALLY. One other question, and then I will not disturb the Senator further. I am in sympathy, of course, with those producing silver who want to get money for their silver, just as I am in sympathy with a similar desire on the part of the man who has a bale of hay, or any other article of commerce; but, so far as money is concerned, I cannot see that it makes any difference whether we are buying the silver or doing anything about silver, because, after all, our money is based on gold, theoretically on a certain number of ounces of gold. I admit that when it comes to discussing the intricacies of the money question I am a mere tyro. I do not want to know anything about money except how to enjoy what little I can get of it, but I do not see anything to this theory of buying a lot of silver and sticking it away in the ground, because it is not money after we get it—it is just so much metal; that is all it is.

Mr. THOMAS of Oklahoma. Mr. President, I have heretofore favored a wider use of silver. I took that position on the theory that by the use of silver we could expand the permanent money of the United States. At this time we have but little permanent money in circulation in the United States. The only permanent money we have in circulation is, first, silver certificates, which, of course, covers silver dollars; and second, greenbacks, or so-called United States notes. Those are the only two classes of permanent money there are in circulation at the present time. There are, it is true, five billion of Federal Reserve notes, but those notes are temporary dollars, and can be expanded or withdrawn from circulation almost at the will of the Board of Governors of the Federal Reserve System.

Mr. President, since the silver question has been mentioned, I might state for the RECORD that at present there are almost 3,000,000 ounces of silver in the Treasury. At 50 cents an ounce only, that would make a value in silver of one and a half billion dollars. The Secretary of the Treasury can issue currency against our silver on the basis of \$1.29 an ounce. So, under the law, the Secretary could issue over \$3,000,000,000 of silver certificates, when the fact is, he is issuing today only about \$1,700,000,000. Therefore at this time there is silver bullion in the Treasury to the full value, as measured in gold, for every dollar of silver certificates in circulation. So I contend that today the silver certificates are the only class of money we have which can be redeemed in something of value.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. CONNALLY. Why should it not be our national policy that when we buy a dollar's worth of gold from abroad we issue a gold certificate for a dollar against it, instead of selling bonds and paying the interest on the bonds with which to buy the gold, and then burying it? If we have the gold, if it is in our vaults, why should we not simply issue against that a certificate, and use that certificate with which to buy the gold, and not pay out interest, and at the same time

have a larger volume of money, every dollar of which is backed by a hundred cents of gold, or even more than that, at the present time 200 cents?

Mr. THOMAS of Oklahoma. Mr. President, I shall deal with that question a little bit later, but let me make one statement now. We now have in our Treasury approximately \$18,100,000,000 in gold. If we should coin that gold into dollars, or if we should issue gold certificates against that gold, and put those certificates into circulation, we would thereby increase the circulation of gold to \$18,100,000,000. The reason why that is not done is that if it should be done money would become so plentiful that money itself would not be very valuable, although the money was gold.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. BARKLEY. Commenting upon the suggestion just made by the Senator from Oklahoma in reply to the Senator from Texas, I believe it is correct to state that the largest amount of money ever in circulation in this country at any one time was a little over \$7,000,000,000.

Mr. THOMAS of Oklahoma. We now have in circulation \$7,400,000,000, or approximately that amount.

Mr. BARKLEY. That is about the maximum that has ever been in circulation in this country at any one time. So that if we did use the gold which is now the property of the Government of the United States—and I may say that all the \$18,000,000,000 is not owned by the Government of the United States; some of it is earmarked for Federal Reserve banks—

Mr. THOMAS of Oklahoma. Only a little more than \$1,000,000,000 is earmarked for the account of foreign governments.

Mr. BARKLEY. I think I am correct in stating that \$2,000,000,000, practically, is earmarked for Federal Reserve banks.

Mr. THOMAS of Oklahoma. The Federal Reserve banks have gold certificates, a claim on \$12,000,000,000.

Mr. BARKLEY. They have gold certificates, but those gold certificates are not certificates which can be passed in ordinary use as money. They are only gold certificates given to the Federal Reserve banks as evidence of their ownership of this gold, and they are not in circulation. So that, if we were to use all the gold that is referred to rather facetiously sometimes as being "buried" in Kentucky at Fort Knox because that is a safe place in which to bury it, we would have two and a half times as much money in circulation as we have now, or have ever had. So that, while money would be plentiful, it would also be cheap, and might bring about an inflation which would upset our entire economic situation.

Mr. THOMAS of Oklahoma. Mr. President, I share the viewpoint just expressed by the Senator from Kentucky.

Mr. BARKLEY. In that connection, also, I am glad to have the confirmation of the Senator from Oklahoma, who has made a thorough study and a serious study of the monetary question, of the contention I have been making right along, that all this gold and all of this silver, or practically all of it, is coming into this country in payment for goods we are selling to the nations of the world. The Government of the United States is not going out into the markets and purchasing gold and silver in other nations of the earth in order to pay dollars for it. That gold comes here in exchange for things we are selling other nations, and when it gets into the United States, under our laws, then the Government does buy it at the rate which has been indicated. If we should stop the importation of gold into this country it would practically stop, to that extent, our exportation of products of the farm and factory.

Mr. THOMAS of Oklahoma. Mr. President, I shall discuss that matter very briefly a little later in the course of my remarks.

Mr. CONNALLY. Mr. President, will the Senator yield further?

Mr. THOMAS of Oklahoma. I yield.

Mr. CONNALLY. I do not wish to have it appear from the observations of the Senator from Oklahoma and the Senator from Kentucky that I advocate coining all this gold, eighteen billion, twelve billion of which belong to the Federal Reserve banks. I am talking about the gold we are still buying. I do not see any economy in issuing a bond, paying 3 percent on it, with which to buy a dollar's worth of gold, then burying the gold and having to pay interest on the bond for a long period. When a man comes to this country from Europe with a hundred dollars in gold, why do we not do as we do in the case of the Federal Reserve bank, say, "Yes; we will take the gold and give you this gold certificate, and you can go out and spend it, and buy all the commodities you want to buy."

Mr. THOMAS of Oklahoma. I desire to keep the RECORD straight. It is not correct to say that we are issuing bonds at any rate of interest for the purpose of buying gold. That is not the way the gold is handled. For example, if some bank in Russia or some bank in Great Britain or some bank anywhere else desires to establish dollar credits in the United States, they can send gold to their correspondent in the United States, either at San Francisco, where there is a mint, at New York, or Philadelphia, or at some other point. The gold is consigned to the bank in New York, or Philadelphia, or elsewhere, as the case may be. The gold is immediately sent to the mint, and there it is assayed and weighed and valued, and the American bank which is the correspondent of the foreign bank gives the foreign bank credit for the value of that gold. But the bank cannot keep the gold. The bank must turn the gold over to the Federal Reserve. The Federal Reserve gives the National bank or State bank credit for the value of the gold. Then the Federal Reserve bank cannot keep the gold. Whichever bank it may be turns the gold over to the Treasury and the Treasury issues a gold certificate. So there is no bond anywhere in the whole transaction. In that way we are not paying any sum whatever on account of the acceptance of the gold.

Mr. BARKLEY. And that gold certificate does not bear interest.

Mr. THOMAS of Oklahoma. That is correct.

Mr. BARKLEY. It is merely a certificate of ownership in that much gold.

Mr. THOMAS of Oklahoma. That is correct.

Mr. President, save for the acceptance of silver mined domestically, we are under neither obligation nor mandate to buy or accept silver from any source. At this time our silver program is under complete control and presents no problem to our Government.

No Senator, so far as I know, has yet recommended that we stop accepting gold as payment for our exports, and, so far as I know, none of them has recommended that we lower the price per ounce of the gold we are accepting.

Mr. SMITH. Mr. President, may I ask the Senator a question? I tried to follow his description of the method by which we acquired the gold. Foreign countries send it in here in payment for products. The products go out. The gold goes through the banks, as the Senator has described, and through the chain he sets forth, and finally the gold finds its place in a hole in the ground in Kentucky. How does that help our circulating medium?

Mr. THOMAS of Oklahoma. Mr. President, it does not help our circulating medium.

Mr. SMITH. The point I am making is this: Let us say we sell a thousand dollars' worth of products. The products are paid for in gold. Ultimately the gold finds its place in a hole in the ground in Kentucky. The products are gone and we are poorer by the transaction than we were before we accepted the gold.

Mr. THOMAS of Oklahoma. Mr. President, I hardly believe that statement is correct.

Mr. SMITH. Why is it not correct? The wherewithal used by the foreign country to pay for our products ultimately finds a sequestration out in Kentucky. How does that help our circulating medium?

Mr. THOMAS of Oklahoma. It does not expand our circulating medium, Mr. President, but it does expand our credit.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. BARKLEY. The thousand dollars' worth of products that are sold to a foreign country have been paid for in this country to the producer. He gets his money in the circulating medium of this country. When that thousand dollars' worth of products is sold, the thousand dollars' worth of gold is sent here by some foreign bank and given over to an American bank, which turns it over to the Treasury and receives a certificate for a thousand dollars, which is a certificate of ownership, but the producer of the property has already been paid in the circulating medium of the country. So there is no economic or physical loss. The mere fact that the gold is deposited for safekeeping in a military fort does not mean that it is lost. It is available.

Mr. SMITH. I am not talking about it being lost. Indirectly, we are using the gold for the payment which was made to the producer. Is that what the Senator means?

Mr. BARKLEY. There is no economic loss. There is no vacuum created because of this method of exchange.

Mr. SMITH. It is a Chinese puzzle.

Mr. BARKLEY. No; it is not a Chinese puzzle. It is very simple.

Mr. SMITH. Well, it does not seem to be.

Mr. BARKLEY. I am not going to take the time of the Senator from Oklahoma to explain it to the Senator from South Carolina.

Mr. SMITH. Well, I am a citizen of the country, and it seems to me that I am entitled to know where the stuff comes from that pays the producer in view of the amount of gold with which the foreign country paid for it. You cannot have something produced without it being paid for. If I am paid, I have to be paid in respect to the gold that came in. You cannot divorce cause from effect. A foreign country buys a thousand dollars' worth of American produce, for example, and pays for it in gold. Now, someone pays me a thousand dollars for that product by virtue of the gold transaction. That is an indirect way of using the gold without issuing a gold certificate. Is it not?

Mr. THOMAS of Oklahoma. Mr. President, perhaps what I will now mention has some bearing upon the controversy just now before the Senate. A few days ago we saw in the public press that Russia was shipping \$5,000,000 of gold to America to the account of the Chase National Bank. I took it upon myself to wire the Chase National Bank for information as to how this gold was being received, and I have a reply from the vice president of the Chase National Bank. The telegram is signed by Mr. J. C. Rovensky. The telegram reads as follows:

In Mr. Aldrich's absence replying your telegram shipment, was usual transaction where a foreign bank shipped gold which was delivered to mint we receiving payment from Treasury Department and crediting consignor.

Mr. President, that simply means that someone in Russia desired to buy something in America. The Russian Government, or a corporation, or an individual in Russia, desiring to establish credit in America, procured gold and shipped that gold through its bank in Russia to the Chase National Bank in San Francisco. The Chase National Bank in San Francisco, or its agent, turned the gold over to the mint. The gold was assayed, it was weighed, and it was valued. Immediately then this gold had a value according to the certificate of the mint. The Chase National Bank could not keep the gold, so the Chase National Bank had to send it to the Treasury through the Federal Reserve Bank in San Francisco. In the end the Chase National Bank received a credit from the Treasury to the value of this gold. So the Russian Government, the Russian Corporation, or the Russian individual, can write a check on the Chase National Bank today for the things he or it desired to buy in America.

Mr. SMITH. But it was based on the gold.

Mr. THOMAS of Oklahoma. It was based on the gold all along the line. This procedure does not increase the circulation in America, but it does increase the credit money of America, and it increases the reserves in the Federal Reserve System of America.

Mr. MALONEY. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. MALONEY. I wonder if the Senator would be willing to tell me what the situation would be if that bank or individual in Russia decided to get a credit in Japan, for example, and shipped the gold to Japan. What would it be worth there as compared with our dollar?

Mr. THOMAS of Oklahoma. Mr. President, gold is worth the same throughout the world, and the United States has fixed the price of gold. The value of gold everywhere in the world every day is based upon the American dollar, and the American dollar is based upon gold. Were it not for the fact that the United States dollar was based directly upon gold there would be absolute chaos throughout the world, because there would be no exchange; there would be no government that would have a single post to tie to, because there is no other money in the world save the dollar, that has a fixed gold content.

Every unit of every nation today is fixed in the terms of a dollar, so gold is worth throughout the world the same amount, based upon the American dollar. Were it not so, these nations would ship the gold to the United States and get dollars for it. The reason why the dollars are coming to the United States is because there is a slight discrepancy sometimes in the exchange rate. When there is a discrepancy in the exchange rate, gold comes to the United States.

Mr. MALONEY. Mr. President, I seek enlightenment, because the Senator from Oklahoma is so well informed on this subject. I still would like to know if the Russian individual or corporation could get the same credit value in Japan as he receives in New York?

Mr. THOMAS of Oklahoma. Exactly so, making allowances for the transportation cost and insurance.

Mr. WAGNER. Mr. President, may I ask the Senator one question?

Mr. THOMAS of Oklahoma. I yield.

Mr. WAGNER. Under our present international monetary policy, does the Senator know of any method of paying for goods, for instance, purchased in this country, where there is not a balance in favor of the nationals of that country, other than by the payment of gold?

Mr. THOMAS of Oklahoma. There are no other methods by which payments can be made save by goods or gold.

Mr. WAGNER. And not having a balance in their favor in goods they have to use gold in order to purchase our commodities?

Mr. THOMAS of Oklahoma. Exactly so, Mr. President. The balance of trade is in favor of the United States. There has not been a year in the last 10 years, so far as I know, in which we have not sold more goods abroad than we bought from abroad. That means that foreigners pay for the goods they buy in America as far as they can with goods; but, if they buy more goods here than they sell us, they must pay the balance in gold, because that is the only thing we will accept, except to the limited extent we have accepted silver.

Mr. WILEY. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. WILEY. I am interested in getting a little illumination in relation to the gold certificate. That is issued by the Mint, the Senator says.

Mr. THOMAS of Oklahoma. No; it is issued by the Treasury Department.

Mr. WILEY. By the Treasury Department. Is that not virtually money? Is not that transferable?

Mr. THOMAS of Oklahoma. Mr. President, if I should exhibit one of those gold certificates to the Senator from Wisconsin he could not tell the difference between it and one of the old-fashioned gold certificates we had in circulation about 10 years ago. They are the same size. The printing is practically the same. They are the same color. It looks exactly like a gold certificate for \$20 or \$100 or \$1,000 or \$10,000, but it is not legal tender, and it is not money in the sense that it can be circulated as money. It is only good for the redemption of gold when the Federal

Reserve Bank desires to make payment to some foreign nation. The law makes it such.

Mr. MALONEY. Mr. President, will the Senator again yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. MALONEY. Perhaps I am asking the question too soon. Probably the Senator intends to answer it later. I should like to know if he believes, quite aside from what we are going to do with the gold in this country, that we are not being economically harmed by the purchase of foreign gold.

Mr. THOMAS of Oklahoma. I will discuss that a little later, and if the Senator will just withhold his question I will come to it in due course of my remarks, which will not be very long.

Having quoted from the remarks and purported remarks of the Senators mentioned, courtesy now demands that I pause, and, if requested, I shall gladly yield to either of my distinguished and able colleagues, or to all of them in order, to reaffirm their statements heretofore made or to disclaim or renounce such statements, or to clarify and make more definite and certain their position or positions on the gold policy and program of this administration.

I hear no complaint, although I think three of the Senators from whom I quoted are not now upon the floor.

Mr. Aldrich, the head of the largest private banking institution in the world, makes some worth-while contributions to an understanding of this so-called gold problem. Some of his statements are as follows:

As long as the war lasts, and probably for some time afterward, the chances are that gold will continue to flow to the United States.

Relative to a method for handling this increasing and continuous flow of gold to the United States, Mr. Aldrich says:

Several suggestions have been advanced for dealing with the immediate problem. The crudest of all is that the United States should cease buying gold altogether.

If we should stop accepting gold as money in payment for our exports, according to Mr. Aldrich the effect would be as follows:

Not only would this action be reflected immediately in the demoralization of the foreign exchange market and in violent disturbances to domestic and international trade, but it would lead foreign nations to stiffen still further their controls over trade, and so detach gold yet more widely from its normal function of redressing trade balances.

Referring to the proposal that we reduce the price of gold per ounce, Mr. Aldrich says that—

The proposal has serious drawbacks. Through affecting the dollar value of an important item, gold, in the balance of payments between this country and those nations which are large producers of gold, a reduction in price would most assuredly cause exchange rates with them to decline. And similar effects would follow in the exchange rates with nonproducing countries that own stocks of gold which they may desire to use in settling trade balances with us. Finally, in testing the validity of this suggestion, we should not lose sight of the fact that we ourselves are the largest owners of gold in the world. To scale down the value of one of our most important national possessions seems an unduly expensive way to go about the correction of our difficulties. It has been estimated that the loss would amount to about half a billion dollars for every dollar by which the price of gold is reduced below its present level. And the loss to a large extent would have to be made up by a further increase in the public debt.

Further, in reference to the reduction of the price per ounce of gold, Mr. Aldrich says that—

Time has run too far to permit us to return to the former price. We must keep the price where it now is.

At this point let me refer to the conclusions of one of the world's outstanding financial experts. I refer to Dr. W. Randolph Burgess, vice chairman of the National City Bank and former vice president of the Federal Reserve Bank of New York.

Relative to our financial program, Dr. Burgess has the following to say:

We cannot go back. * * * We cannot turn back to the simpler monetary system of the past.

Dr. Burgess admits that we have managed our money in the past, that we manage it now, and that we must continue to manage it in the future. He says that—

We should, however, have no illusions that the restoration of the gold standard would eliminate management.

Dr. Burgess makes some suggestions for the improvement of our management of money. He stresses a recommendation that we "improve our money management personnel."

I interpret the effect of the various recommendations made by Dr. Burgess to be that we should declare by law a definite monetary policy and that after such policy has been declared we should create a monetary supreme court and then demand of such financial tribunal the management of our money in the best interest of all the people and interest of our common country.

So much for the contributions made by our congressional colleagues, bankers, economists, publishers, and editors for a solution of our present monetary troubles and problems to date.

As a basis for my interpretation, explanation, and conclusions, let me lay down the following predicates:

The first unit of our monetary system was the silver dollar, containing the same weight of pure silver as the silver dollar in circulation today.

Later the gold dollar, with a fixed parity in weight with the silver dollar, was added to our monetary system. During the administration of Andrew Jackson the weight of the gold dollar was reduced twice. The result of such reductions was to bid up the price of gold per ounce.

The weight of pure silver in our standard silver dollar has never been changed since the foundation of our Government.

The weight of the gold dollar has been changed three times. Each time the amount of pure gold was reduced, and such reduction meant that the price of gold per ounce has been raised on three separate occasions since 1789.

What are the pertinent facts relative to our monetary system today?

By the act approved March 14, 1900, known as the Gold Standard Act, the gold dollar was made the standard of all our money. Section 1 of this act is as follows:

That the dollar consisting of 25.8 grains of gold, nine-tenths fine, as established by section 3511 of the Revised Statutes of the United States, shall be the standard unit of value, and all forms of money issued or coined by the United States shall be maintained at a parity of value with this standard, and it shall be the duty of the Secretary of the Treasury to maintain such parity.

By the act approved May 12, 1933, the President was given power to reduce the gold content of the dollar in the following language:

(2) By proclamation to fix the weight of the gold dollar in grains, nine-tenths fine, * * * and such gold dollar, the weight of which is so fixed, shall be the standard unit of value, and all forms of money issued or coined by the United States shall be maintained at a parity with this standard, and it shall be the duty of the Secretary of the Treasury to maintain such parity, but in no event shall the weight of the gold dollar be fixed so as to reduce its present weight by more than 50 percent.

By the act approved January 30, 1934, the title of all gold in the United States was vested in the United States. Section 2 of such act provides that:

(a) Upon the approval of this act all right, title, and interest, and every claim of the Federal Reserve Board, of every Federal Reserve bank, and of every Federal Reserve agent, in and to any and all gold coin and gold bullion shall pass to and are hereby vested in the United States, and in payment therefor credits in equivalent amounts in dollars are hereby established in the Treasury. * * *

Section 8 of such act provides as follows:

With the approval of the President, the Secretary of the Treasury may purchase gold in any amounts, at home or abroad, with any direct obligations, coin, or currency of the United States, authorized by law, or with any funds in the Treasury not otherwise appropriated, at such rates and upon such terms and conditions as he may deem most advantageous to the public interest. * * * All gold so purchased shall be included as an asset of the general fund of the Treasury.

Under this law all gold in the United States today save that held out legally for curios and antiques is the property of the United States.

Section 12 of this act, relating to the weight of the gold dollars, provides as follows:

Nor shall the weight of the gold dollar be fixed in any event at more than 60 percent of its present weight.

Acting under the power thus conferred on January 31, 1934, the President, by proclamation, fixed the gold content of the dollar as follows:

By virtue of all other authority vested in me (I) do hereby proclaim, order, direct, declare, and fix the weight of the gold dollar to be 15 $\frac{1}{2}$ grains, nine-tenths fine, from and after the date and hour of this proclamation.

He had the power to devalue the gold dollar under the act of 1933, but under the act of 1934 some limitations were imposed.

As the law now stands, the President has no power to increase the weight of the gold dollar above the 15 $\frac{1}{2}$ grains, nine-tenths fine, as provided in his proclamation of January 31, hence has no power to reduce the price paid for gold below the \$35 per fine ounce.

To increase the weight of the gold dollar, which means a reduction of the price of gold per fine ounce, will require additional legislation.

The President has a law of questionable validity for still further reducing the weight of the gold dollar from 15 $\frac{1}{2}$ grains to some 12 $\frac{1}{10}$ grains of gold, nine-tenths fine. Should he still further decrease the weight of the gold dollar to the limit of the law, he would thereby increase the value of gold from \$35 to \$41.34 per fine ounce.

Let me here state two undenied and undeniable gold principles:

First, to decrease the weight of the gold monetary unit thereby in the same ratio increases the price of gold per ounce. The corollary to the foregoing principle is—to increase the weight of such gold monetary unit thereby in the same ratio decreases the price of gold per ounce.

Second, to decrease the weight of the gold monetary unit is to raise in a comparable ratio the price of goods, wares, and commodities, which are priced in gold throughout the world. The corollary to the foregoing principle is—to increase the weight of the gold monetary unit is to decrease in a comparable ratio the price of goods, wares, and commodities priced in gold throughout the world.

Now I shall reduce the stated abstract principles to concrete form.

Formerly the gold dollar contained 25 $\frac{1}{10}$ grains of gold, nine-tenths fine, so that the pure gold in the dollar was slightly in excess of one-twentieth of an ounce of pure gold. The weight of the former gold dollar meant that 1 ounce of pure gold could be coined into 20 $\frac{67}{100}$ gold dollars. Hence such a weighted dollar fixed the price of gold at \$20.67 per fine ounce.

Inasmuch as gold was and is our basic, primary money, it is an obvious fact that when we fix the weight of the gold dollar, such act automatically and positively fixes the price of gold per ounce in terms of dollars.

Along about 1930, when the demand for gold had become so great as to make the metal, as valued in property, goods, services, and commodities, so valuable that the people of the world could not produce and secure enough property to exchange for needed gold, all nations then began to reduce the size and weight of their monetary units.

Following such world-wide policy, we enacted legislation, as previously mentioned, and reduced the size and weight of the gold dollar. When we fixed such weight at 15 $\frac{1}{2}$ grains of gold, nine-tenths fine, we made it possible to coin an ounce of gold into 35 gold dollars, so that if we should desire to return gold to circulation in the form of gold coins at the present weight and fineness of the dollar, we could coin 35 dollars out of each ounce of gold we now have on deposit in the Treasury.

Speakers and writers, in discussing our so-called gold problem, refer to the fact that we accept gold upon the basis of \$35 per fine ounce, which is a fact. But it might be more helpful and understandable if they were to discuss the matter from the basis of the size and weight of the gold dollar in relation to the gold ounce and the value of the gold dollar as

measured in property, wares, services, and commodities, rather than to continue to criticize the Government for its policy of accepting gold on the basis of \$35 per fine ounce.

All things considered, the indictment of our Government for accepting Russian gold in payment for American goods, wares, services, and commodities is not supported by the facts.

We are not at war with Russia. Hence to refuse to trade with that country would be a warlike act. We have the goods to sell; and as gold is the best and only real money in the world, we have every reason to accept the order for goods and the gold in payment therefor from the Soviet Republic.

Mr. MALONEY. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. MALONEY. I am very much impressed by the Senator's last statement. I wonder how long the Senator thinks we may continue with that situation if we continue to bury the gold and not make use of it.

Mr. THOMAS of Oklahoma. Mr. President, in the latter part of my remarks I suggest the dangers in our present policy. I will say by way of explanation—because this subject is technical and hard to follow—that there are three prongs to our gold problem.

First, we are criticized for accepting Russian gold.

Second, we are criticized for paying \$35 an ounce for gold. It is claimed that that is too high a price.

Third, we are criticized for having so much gold on hand.

I am now discussing the first two problems. I am stating that there is no just criticism of our Government for accepting gold from Russia.

Second, I state that under the law gold has been fixed at \$35 an ounce, and to reduce the price of gold below \$35 an ounce has the effect of increasing the weight of the gold dollar, which means that dollars become more valuable; and as the dollar goes up prices go down. So those who criticize the price of \$35 per ounce are criticizing indirectly the present prices of our commodities throughout the United States. If they want the price of gold reduced, they must by inference want lower prices for the things the people of America produce, such as farm products, raw materials, and so forth.

Mr. MALONEY. I should like to make it clear that I am not at all in disagreement with the Senator's discussion of the first two prongs, as he calls them.

Mr. THOMAS of Oklahoma. I have not yet come to the third one.

Mr. MALONEY. I am very anxious to hear the Senator's view on the third, because it seems to me that may be the vital issue.

Mr. THOMAS of Oklahoma. I shall come to that point in just a moment.

Mr. TOWNSEND. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. TOWNSEND. At our present rate of receiving gold from other countries, how long does the Senator think it will be before we shall have all the gold in the world?

Mr. THOMAS of Oklahoma. Mr. President, there is only about \$28,000,000,000 of gold in the world.

Mr. TOWNSEND. Of which we have \$18,000,000,000.

Mr. THOMAS of Oklahoma. There is about \$27,750,000,000. So, to be conservative, it is not far wrong to assume that there is \$28,000,000,000 of monetary gold in the world. Of that sum we have \$18,100,000,000. This gold came to us at the rate of \$3,200,000,000 for the year. That is more than \$200,000,000 in gold a month. If we receive \$3,200,000,000 this year, \$3,200,000,000 next year, and \$3,200,000,000 the following year, we shall have all the gold in the world of which we now have any trace. I admit that that would be bad. I shall discuss that point in just a moment.

Mr. TOWNSEND. I just picked up an editorial from the Philadelphia Record, which says that at our present rate we shall have all the gold in the world by 1943. I have not figured it out. We shall have exchanged our goods—automobiles, cotton, and all other goods—for gold at \$35 an ounce. We shall have all the gold in the world buried down in Kentucky. What is to happen to us when Europe says, "You have all the gold. Keep it. We do not want it?"

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Mr. THOMAS of Oklahoma. I shall discuss that question in just a moment. I am almost ready to undertake it now.

Mr. McKELLAR. How does the figure since the outbreak of the war affect the situation? Are we now receiving more gold than we received before that time?

Mr. THOMAS of Oklahoma. I should not say we are receiving more, but it has not diminished. It may have slightly increased, but it is approximately the same.

Mr. TOWNSEND. Mr. President, will the Senator again yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. TOWNSEND. Certainly we shall get more gold, because that is the only thing foreign purchasers have with which to pay for our goods. When the gold is gone, what will they use to pay for our goods?

Mr. THOMAS of Oklahoma. I shall come to that question in just a moment. I have almost reached it.

The cost of producing gold in Russia, in Alaska, in California, in Georgia, or in the Rand has had nothing to do with the fixing of the price at \$35 per ounce.

If there is a monopoly in gold, such monopoly has been brought about by the Government of the United States.

If there be just criticism because of the price of \$35 per ounce for gold, then such criticism must be leveled directly at the Congress.

By the act of May 12, 1933, the Congress gave the President the power to raise the price of gold from \$20.67 to \$41.34 per fine ounce, and by the act approved January 30, 1934, this Congress directed that the weight of the gold dollar should not be fixed in any event at more than 60 percent of its then present weight.

When the Congress fixed the 60-percent limitation, the President was directed to raise the value of gold from \$20.67 to at least \$34.45 per fine ounce. For convenience of computation, the price was fixed at \$35 per ounce.

Mr. President, the senior Senator from Michigan [Mr. VANDENBERG] is not present. He voted for the law which directed the President to fix a price of not less than \$34.45 per fine ounce; yet he is criticizing the price of \$35 an ounce up and down the length and breadth of the country.

I have stated the result of refusing to accept Russian gold.

Now I ask, What would be the result of reducing the price per ounce for gold?

Some of the results would be as follows:

First, we now have over \$18,000,000,000 in gold in the Treasury. This means that we have over 515,000,000 ounces of the yellow metal. For every dollar of reduction in the price per ounce of gold we would lose \$515,000,000. Should the price be reduced to the former price of \$20.67 per ounce, we would lose over \$7,500,000,000 in the dollar value of our gold stock. The foregoing is not all that we would lose.

Secondly, should we reduce the price per ounce, the effect would be to increase the gold content of the dollar. This would make the gold dollar larger and heavier, hence more valuable; and to the extent that we make the dollar more valuable, to the same extent we reduce prices.

Distinguished Senators complain at the high price of gold, and the effect of their complaint is to demand that prices be lowered.

The distinguished junior Senator from Ohio [Mr. TAIT] has in effect demanded higher prices for farm products; hence he has not criticized and cannot criticize the present price of gold as being too high.

On the other hand, distinguished Senators—the senior Senator from Delaware [Mr. TOWNSEND] and the senior Senator from Michigan [Mr. VANDENBERG]—have criticized the present gold price as being too high; hence the result of their demand is for lower prices for the products produced in both Delaware and Michigan as well as throughout the entire United States.

Mr. President, those who condemn the present price of gold as being too high must at the same time condemn prices of property, wares, services, and commodities likewise as being too high.

So much for the criticisms, first, of the policy of accepting Russian gold; and, second, of the existing law that we must pay at least \$35 per fine ounce for gold.

Now to the last criticism, that we now have too much gold. Gold is money—the best and only real money in the world—hence those who say we have too much gold must mean that we have too much money in our Treasury.

While I contend that the Russian gold and the \$35-per-ounce price for gold present no problem to our country, yet I admit that the constant trek of gold from the other nations to the United States does present a problem, and a most serious one indeed.

This problem is one not only for our country but for the entire world.

Mr. President, what are the facts which constitute this problem?

One phase of the problem is the disposition of our hoard of gold, which now totals over \$18,000,000,000. While no one knows definitely just how much monetary gold there is in the world, the best estimate seems to be that the world monetary gold stock is approximately \$28,000,000,000; so that we now have in our Treasury some eighteen twenty-eighths of the total monetary gold of the world. The United States—one nation—has over \$18,000,000,000, and the other 50 nations together have less than \$10,000,000,000.

During recent years gold has been flowing to the United States at the rate of over \$200,000,000 per month; and unless this gold flow is stopped or retarded, it will not be long until we shall have here in the United States practically all of the monetary gold in the world.

From a practical standpoint, this gold is not serving any good purpose here in the United States for, immediately upon its receipt, it is transported to Fort Knox, Ky., where it is placed in a strong vault underground and protected by guards and soldiers stationed at that Army post.

As this gold comes to the United States it depletes the supply abroad, and the scarcer gold becomes abroad the greater the demand for the remaining metal; so that gold is appreciating in value, as measured in property, throughout the world.

The problem of the other nations is to retain or to secure sufficient gold with which to back and support their exchange; and our problem is to make some disposition of our existing gold so that it will serve for our people some good, useful, and profitable purpose.

It would seem that the only proper use we can make of our surplus gold is to bring about its redistribution so that the value of gold will not appreciate too greatly, and, further, to the end that other nations may secure gold with which to support their monetary exchange.

During recent days this phase of our so-called gold problem has engaged the attention of many of our financial writers and prominent economists.

As to the problem which confronts our country, Roger W. Babson has just had the following to say:

The problem is this: We have 70 percent of the world's gold. That is too much. Other nations have little gold to pay us for the goods they want to buy from us. This makes our dollar so mighty that more "timid" gold is sent to us, thus weakening other currencies still further. This automatically boosts our prices in world markets in terms of foreign currencies and hence cuts down our exports, increases our unemployment. Under normal conditions, the situation would correct itself, but the dollar occupies its exalted position, not because of the United States economic strength, but because of world economic weakness. While there is complete disagreement as to how to solve this riddle, there is unanimous agreement on the existence of this gold danger.

Dr. E. A. Goldenweiser, Director of the Division of Research and Statistics for the Board of Governors of the Federal Reserve System, has just published an article entitled "The Gold Problem Today," and in that article we find the following statements and conclusions:

It is interesting to speculate about the ultimate fate of our \$17,600,000,000 of gold. The most satisfactory way to reduce the pile would be through the development of a world situation in which the United States would lose gold as the result of excess purchases of goods and services from abroad.

It is too optimistic, however, to think that much gold would flow out in this way, partly for the reason that few countries after the war will be in a position to acquire gold rather than goods from abroad. They will be in need of materials and capital for reconstruction, and the fulfillment of deferred demands will probably occupy their own productive resources fully and also create a need for foreign-made goods.

Under such circumstances, a flight of capital from the United States, which is hard to conceive, or investment abroad, which is not likely to assume large proportions, would offer the only occasion for losing gold. Some post-war stabilization loans may conceivably be made, but the amounts involved are not apt to be large.

It seems, therefore, that the problem of our huge gold stock is likely to stay with us for a long while and that it may even increase if gold continues to flow into this country. No simple solution to the problem can be devised. The ultimate solution will have to be a part of the answer to the much broader problems of restoration of world stability and international trade. It will also be bound up with rationalization of our own economy.

From the foregoing statements, conclusions, and recommendations, it is obvious that our vast amount of gold constitutes a real problem, and one that must be solved at an early date.

On February 9 of this year our combined stocks of gold and silver totaled some \$19,852,000,000, and on the same day we had in circulation a total of some \$7,365,000,000 of all kinds of money; so that on that date we could have redeemed every dollar in circulation with gold—dollar for dollar—and still have had the sum of \$12,487,000,000 in gold and silver left in our Treasury.

The necessity for finding a solution to this problem must be obvious to every citizen.

To be specific, the following questions confront us: What can we do, what should we do, and what must we do, about this problem of our surplus gold?

Mr. President, we could do any one of the following things, or we might formulate a policy by combining some of the things possible to be done with our gold:

First. We might begin using our gold to defray governmental expenses.

Second. We might use the gold to meet maturing governmental obligations.

Third. We might devise a plan for redistributing our surplus gold among the solvent nations of the world. This might be done by the formation of a world bank, and through such bank we might make sales and loans of gold on approved securities; and, should such a plan be worked out, the following ends might be attained:

(a) Such a program would make of the United States the world's banker.

(b) Through sales or loans, gold could be furnished to stabilize the currencies of such nations as would thus cooperate with the United States.

(c) With gold for support, nations could fix a gold content for their monetary units and then stabilize such valued units among the moneys of the world. This would not necessarily mean that the world is to resume the coining of gold and resume specie payments. Our dollar has a fixed gold content for exchange purposes, but we have not heretofore coined and do not now plan to coin gold into dollars, or to begin the payment of domestic obligations in either gold coin or bullion.

(d) Such a use of our surplus gold would bring to the United States an added income in the form of interest on such loans and would replenish the Treasury for such sales of gold as might be made.

(e) World trade would be increased and the United States would secure at least a fair share of such increase.

(f) We could use the power of our gold in such a way as to discourage war and to establish and promote permanent peace.

Mr. President, in a totalitarian state the head of the government is able to dictate and to rule without either the knowledge or consent of his subjects, but in a democracy the ruling power must advise and make plain the problems which confront the government; hence, the facts and suggestions relative to our gold problem should be given the widest possible publicity, to the end that the people may have a chance to consider and, through their representatives, to work out a solution of this all-important problem.

Mr. President, since I began to make my remarks an aggregation of farmers has assembled in Washington. This group has passed a resolution, dated today and inasmuch as it bears very largely upon the gold problem and our monetary problem as it affects prices, I ask permission to have the resolution printed in the RECORD.

The PRESIDING OFFICER. Is there objection?

There being no objection, the resolution was ordered to be printed in the RECORD, as follows:

Whereas agriculture is our basic industry, and it is evident there will be no sound recovery in the United States until farmers receive the 1926 prices as a minimum for their commodities; and

Whereas agriculture received less than 8 percent of the total national income in 1939, although the total number of our people living and working on farms and in the rural communities immediately dependent upon farms, is more than 26 percent of the population; and

Whereas during recent years many of the foreign markets have been lost to our farmers; and

Whereas in 1939 more than \$1,000,000,000 of agricultural products were permitted to be imported into the United States to compete with the products of our farmers; and

Whereas after 7 years of cooperation with the Department of Agriculture in their A. A. A. and curtailing production program, prices now received by farmers are far below the cost of production, in consequence of which many of them are unable to pay interest, debts, and taxes, and are otherwise without purchasing power; and

Whereas we believe the fundamental problem of agriculture is not one of overproduction but underconsumption due to lack of adequate purchasing power and medium of exchange; and

Whereas the tax burden is so crushing that it exacts more than 25 percent of the national income, largely falling upon the farmer and laborer, thus curtailing or destroying the purchasing power of the consumer; and

Whereas this condition in a large measure is due to the national debt of more than \$42,000,000,000; and

Whereas there is in the United States more than \$18,000,000,000 in gold and more than \$1,800,000,000 in silver; and

Whereas there is outstanding less than seven billion four hundred millions of currency; and

Whereas economists, bankers, and businessmen agree that adequate commodity prices are necessary for national recovery; and

Whereas it is essential to a sound, prosperous agricultural industry, general business activity, gainful employment of labor, a balanced Budget, and a sound national economy that agricultural prices be restored to at least the 1926 level; and

Whereas it is essential to such national recovery that the Government adopt a sound monetary, financial, and tax program: Be it therefore

Resolved, That we, the executive members of the National Agricultural Conference, urge upon the Congress of the United States legislative action to put into effect the following:

First. That the value of gold be definitely fixed on the basis of \$41.34 per ounce.

Second. That gold be put in circulation or currency be issued on the basis of \$41.34 per ounce to redeem United States interest-bearing obligations until the 1926 commodity price level has been restored, and thereafter be maintained a price level that is in the best interest of national welfare.

Third. That in coordination with this program uneconomic and destructive taxes be repealed or lowered so that there may be an incentive for capital to be put into immediate constructive use.

Resolved, That the secretary forward a copy of this resolution to the members of the United States Senate and other Members of Congress.

Dated at Washington, D. C., this 15th day of February 1940.

EDW. E. KENNEDY, *President*.

RALPH W. MOORE, *Secretary*.

Mr. SHIPSTEAD. Mr. President, I ask unanimous consent that I may present an amendment.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the amendment will be stated.

The LEGISLATIVE CLERK. On page 30, line 7, after the numerals "\$500,000", it is proposed to insert a comma and the following:

of which \$8,000 shall be available for establishing buoys and lights on the American side of the international waters of Lake of the Woods and Rainy Lake.

Mr. McKELLAR. I have no objection to the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

The PRESIDING OFFICER. Without objection, the amendment just agreed to will be engrossed. The question now is, Shall the bill pass?

The bill was passed.

Mr. McKELLAR. Mr. President, I move that the Senate insist upon its amendments, ask for a conference with the

House of Representatives thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. GLASS, Mr. McKELLAR, Mr. TYDINGS, Mr. McCARRAN, Mr. BAILEY, Mr. BRIDGES, and Mr. LODGE conferees on the part of the Senate.

ORDER AUTHORIZING THE VICE PRESIDENT TO SIGN ENROLLED BILLS OR JOINT RESOLUTIONS DURING ADJOURNMENT OF SENATE

Mr. BARKLEY. Mr. President, I ask unanimous consent that the Vice President be authorized to sign any enrolled bills or joint resolutions during the adjournment of the Senate.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

AUTHORIZATION FOR COMMITTEE ON APPROPRIATIONS TO REPORT DURING ADJOURNMENT

Mr. BARKLEY. I ask unanimous consent that the Committee on Appropriations be authorized to make reports on any proposed legislation during the adjournment of the Senate.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

EXECUTIVE SESSION

Mr. BARKLEY. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER (Mr. MINTON in the chair) laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

EXECUTIVE REPORTS OF COMMITTEES

Mr. HARRISON, from the Committee on Finance, reported favorably the nomination of Joseph T. Sylvester, of Portland, Maine, to be collector of customs for customs collection district No. 1, with headquarters at Portland, Maine, to fill an existing vacancy.

Mr. THOMAS of Utah, from the Committee on Education and Labor, reported favorably the nomination of Philip B. Fleming, of Iowa, to be Administrator of the Wage and Hour Division, Department of Labor.

Mr. WALSH, from the Committee on Naval Affairs, reported favorably the nominations of sundry officers for promotion, and citizens for appointment, in the Marine Corps.

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

The PRESIDING OFFICER. If there be no further reports of committees, the clerk will state the first nomination on the Executive Calendar.

THE JUDICIARY

The legislative clerk read the nomination of Raymond E. Thomason to be United States marshal for the northern district of Alabama.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

DEPARTMENT OF AGRICULTURE

The legislative clerk read the nomination of Claude R. Wickard to be Under Secretary of the Department of Agriculture.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Grover Bennett Hill to be Assistant Secretary of Agriculture.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Laurence I. Hewes, Jr., to be regional director, Farm Security Administration.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

DEPARTMENT OF COMMERCE

The legislative clerk read the nomination of Charles Stuart Guthrie to be Special Assistant to the Secretary of Commerce. The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Carroll Louis Wilson to be Special Assistant to the Secretary of Commerce. The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of James W. Young to be Director of the Bureau of Foreign and Domestic Commerce.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Grosvenor M. Jones to be Assistant Director, Bureau of Foreign and Domestic Commerce.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Bruce Berckmans to be Assistant Director, Bureau of Foreign and Domestic Commerce.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

Mr. BARKLEY. Mr. President, in view of the fact that some of these appointees in the Department of Commerce have been and are now serving without pay because of the delay in their appointment and confirmation, I ask unanimous consent that the President be notified of the confirmations just made.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the President will be immediately notified.

WORK PROJECTS ADMINISTRATION

The legislative clerk read the nomination of Linus C. Glotzbach, of Minnesota, to be regional director, region VII. Mr. LUNDEEN. Mr. President, I ask that this nomination be laid over until next week.

Mr. McKELLAR. The Senator spoke to me about this matter. It seems to me the request is reasonable, and I am perfectly willing that the matter shall go over, but the Senator agreed that it could be determined on Monday.

Mr. LUNDEEN. I cannot say that it will be determined then, but I will make my statement at that time.

The PRESIDING OFFICER. Does the request of the Senator from Minnesota cover both of the nominations under the Work Projects Administration?

Mr. LUNDEEN. I should like to have the nominations of Mr. Glotzbach and of Mr. Stolte go over.

The PRESIDING OFFICER. Without objection, the nominations will be passed over.

POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. McKELLAR. I ask that the nominations of postmasters be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations are confirmed en bloc.

ADJOURNMENT TO MONDAY

The Senate resumed legislative session.

Mr. BARKLEY. I move that the Senate adjourn until Monday next.

The motion was agreed to; and (at 5 o'clock and 15 minutes p. m.) the Senate adjourned until Monday, February 19, 1940, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate February 15, 1940

CIVILIAN CONSERVATION CORPS

James J. McEntee, of New Jersey, to be Director of the Civilian Conservation Corps.

UNITED STATES PUBLIC HEALTH SERVICE

The following-named surgeons to be senior surgeons in the United States Public Health Service, to rank as such from the dates set opposite their names:

Russell R. Tomlin, March 13, 1940.

Marion R. King, March 16, 1940.

Egbert M. Townsend, April 1, 1940.

The following-named senior surgeons to be medical directors in the United States Public Health Service, to rank as such from the dates set opposite their names:

Knox E. Miller, March 3, 1940.

Charles V. Akin, March 4, 1940.

Clifford E. Waller, March 4, 1940.

John H. Linson, March 5, 1940.

Newton E. Wayson, March 6, 1940.

The following-named assistant surgeons to be passed assistant surgeons in the United States Public Health Service, to rank as such from the dates set opposite their names:

Walter E. Sharpe, Jr., March 1, 1940.

Edgar E. Findlay, April 1, 1940.

PROMOTIONS IN THE NAVY

MARINE CORPS

Maj. Lucian W. Burnham to be a lieutenant colonel in the Marine Corps from the 21st day of August 1939.

The following-named majors to be lieutenant colonels in the Marine Corps from the 1st day of October 1939:

Jacob Lienhard

Jacob M. Pearce

John Groff

Robert C. Thaxton

George F. Stockes

The following-named majors to be lieutenant colonels in the Marine Corps from the 1st day of November 1939:

Jesse L. Perkins

Harold D. Shannon

Prentice S. Geer

Maj. Lee H. Brown to be a lieutenant colonel in the Marine Corps from the 1st day of January 1940.

First Lt. John A. Butler to be a captain in the Marine Corps from the 14th day of August 1939.

CONFIRMATIONS

Executive nominations confirmed by the Senate February 15, 1940

UNITED STATES MARSHAL

Raymond E. Thomason to be United States marshal for the northern district of Alabama.

DEPARTMENT OF AGRICULTURE

Claude R. Wickard to be Under Secretary of the Department of Agriculture.

Grover Bennett Hill to be Assistant Secretary of Agriculture.

Laurence I. Hewes, Jr., to be regional director, Farm Security Administration.

DEPARTMENT OF COMMERCE

Charles Stuart Guthrie to be a special assistant to the Secretary of Commerce.

Carroll Louis Wilson to be a special assistant to the Secretary of Commerce.

James W. Young to be Director of the Bureau of Foreign and Domestic Commerce.

Grosvenor M. Jones to be an assistant director, Bureau of Foreign and Domestic Commerce.

Bruce Berckmans to be an assistant director, Bureau of Foreign and Domestic Commerce.

POSTMASTERS

HAWAII

Chester Mitsuki Motoda, Lihue.

IOWA

Ruth M. Stoltz, Ottumwa.

NEBRASKA

Tarsney H. Winfrey, Stella.

PENNSYLVANIA

Neal B. Fiscus, Apollo.

HOUSE OF REPRESENTATIVES

THURSDAY, FEBRUARY 15, 1940

The House met at 12 o'clock noon and was called to order by the Speaker pro tempore, Mr. RAYBURN.

Rev. G. Ellis Williams, D. D., superintendent of the Washington west district of the Methodist Church, Washington, D. C., offered the following prayer:

O God, our refuge and our strength, we commend ourselves to Thee this day.

We confess our sins as individuals and as a nation, and seek Thy pardoning grace. Give us the mastery over sin and temptation.

We recognize Thee as the giver of every good gift, and we know that with Thee there is no variableness nor shadow of turning. Thou art the unchanging Father, our rock of refuge. In this confused and confusing world, we turn to Thee and pray that the balm of Thy healing presence may be on our Nation and the nations of the world. To that end may war cease and peace attend our way. This day may we hear the lowly Nazarene say,

Peace, my peace, I give unto you, not as the world giveth give I unto you. Let not your heart be troubled, neither let it be afraid.

We ask it, with the forgiveness of our sins, in His redeeming name. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Frazier, its legislative clerk, announced that the Senate disagrees to the amendments of the House to the bill (S. 186) entitled "An act to amend section 798 of the Code of Law for the District of Columbia, relating to murder in the first degree," requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. KING, Mr. VAN NUYS, and Mr. NORRIS to be the conferees on the part of the Senate.

ONE HUNDRED AND FIFTIETH ANNIVERSARY OF THE COMMENCEMENT OF THE FIRST SESSION OF THE SUPREME COURT

Mr. JARMAN. Mr. Speaker, from the Committee on Printing, I report back favorably (H. Rept. No. 1604) a resolution (H. Con. Res. 45) and ask for its immediate consideration.

The Clerk read as follows:

House Concurrent Resolution 45

Resolved by the House of Representatives (the Senate concurring). That the proceedings at the various ceremonies in commemoration of the one hundred and fiftieth anniversary of the commencement of the first session of the Supreme Court of the United States, together with such additional matter as the Joint Committee on Arrangements in charge of these ceremonies may deem fitting and appropriate, in connection with this historical event, be printed, with illustrations, as a document; and that 200,000 additional copies be printed, of which 50,000 shall be for the use of the Senate and 150,000 shall be for the use of the House of Representatives.

The SPEAKER pro tempore. The question is on agreeing to the resolution.

Mr. RANKIN. Mr. Speaker, I ask recognition in order to ask the gentleman a question. What will this cost? I probably should leave that question for the economic gentleman from Pennsylvania [Mr. RICH], but the gentleman did not snap into it with his usual celerity and vim.

Mr. JARMAN. It will cost \$4,709.46. That is the estimate.

Mr. RANKIN. That is the estimate for the entire cost?

Mr. JARMAN. That is the estimate for the entire cost.

The SPEAKER pro tempore. The question is on agreeing to the resolution.

The resolution was agreed to.

RECIPROCAL-TRADE AGREEMENTS

Mr. JARMAN. Mr. Speaker, from the Committee on Printing, I report back favorably (H. Rept. No. 1605) a resolution (H. Con. Res. 46), and ask for its immediate consideration.

The Clerk read as follows:

House Concurrent Resolution 46

Resolved by the House of Representatives (the Senate concurring). That in accordance with paragraph 3 of section 2 of the Printing Act approved March 1, 1907, the Committee on Ways and Means of the House of Representatives be, and is hereby, empowered to have printed for its use 2,000 additional copies of the hearings held before said committee during the current session on the resolution (H. J. Res. 407) to extend the authority of the President under section 350 of the Tariff Act of 1930, as amended.

The SPEAKER pro tempore. The question is on agreeing to the resolution.

The resolution was agreed to.

RECIPROCAL-TRADE AGREEMENTS—MINORITY VIEWS

Mr. TREADWAY. Mr. Speaker, I ask unanimous consent that the minority members of the Ways and Means Committee may have until midnight tomorrow night within which to file minority views on the reciprocal-trade bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

THE MONETARY SITUATION

Mr. VOORHIS of California. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. VOORHIS of California. Mr. Speaker, we listened the other day to a very inspiring and eloquent speech on the subject of Thomas Edison by the gentleman from Mississippi [Mr. RANKIN]. I want to add just one note about Thomas Edison this morning, and I quote from him:

The only dynamite that works in this country is the dynamite of a sound idea. I think we are getting a sound idea on the money question. The people have an instinct which tells them that something is wrong and that the wrong somehow centers in money.

Don't allow them to confuse you with the cry of "paper money." The danger of paper money is precisely the danger of gold—if you get too much it is no good. There is just one rule for money and that is to have enough to carry all the legitimate trade that is waiting to move. Too little and too much are both bad. But enough to move trade, enough to prevent stagnation on the one hand, not enough to permit speculation on the other hand, is the proper ratio.

If our Nation can issue a dollar bond it can issue a dollar bill. The element that makes the bond good makes the bill good also. The difference between the bond and the bill is that the bond lets money brokers collect twice the amount of the bond and an additional 20-percent interest, whereas the currency pays nobody but those who contribute directly in some useful way.

[Here the gavel fell.]

EXTENSION OF REMARKS

Mr. VOORHIS of California. Mr. Speaker, I ask unanimous consent to extend my remarks and to include a brief editorial.

The SPEAKER pro tempore. Without objection, it is so ordered.

Mr. RANKIN. Reserving the right to object, Mr. Speaker, and I shall not object, I want to say to the gentleman from California that while I did not cover that phase of Mr. Edison's life work in my recent address, I thoroughly agree with him on his monetary policies. I think the money question is the outstanding problem with which we are now confronted. We are not going to relieve present conditions and restore permanent prosperity until the money question is properly handled.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. LELAND M. FORD. Mr. Speaker, I ask leave to extend in the Record a copy of joint assembly resolution No. 9 relative to discrimination in steamer service freight rates between New York and California ports and the Panama Canal Zone.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. LUDLOW. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include correspondence between Secretary Hull and myself on the subject of relations with South America.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Indiana?

There was no objection.

NATIONAL LABOR RELATIONS BOARD

Mr. HOFFMAN. Mr. Speaker, I ask unanimous consent to proceed for 1 minute and to revise and extend my remarks.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. HOFFMAN. Mr. Speaker, the gentleman from California [Mr. Voorhis] just called our attention to the monetary situation. The gentleman is always very earnest and very conscientious in his search for relief for those who are unemployed. I am right, am I not?

Mr. VOORHIS of California. That is right.

Mr. HOFFMAN. I call the gentleman's attention to the fact that some of this money might be distributed more equitably.

For example, Miss Beatrice Stern, assistant secretary, National Labor Relations Board, \$5,600. Max W. Stern, her husband, assistant director of informational service of Social Security Board, \$7,500. No children—just the two of them.

Remembering that so many are unemployed, with the American Youth Congress here demanding opportunities to work, why should the Government follow the policy of placing two top-notch jobs in one family?

Some of these New Deal agencies seem to be a family matter.

PERMISSION TO ADDRESS THE HOUSE

Mr. RICH. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

Mr. RICH. Mr. Speaker, I shall offer an amendment to the naval appropriation bill when it is read under the 5-minute rule, to strike out appropriations for the building of 1 battleship. This bill provides for the starting building of 2 new battleships. Probably both should be stricken out. If this bill passes in its present shape, this will make a total under construction of 10 battleships, 9 cruisers, 3 aircraft carriers, 50 destroyers, 26 submarines, 2 destroyer tenders, 3 large seaplane tenders, 6 small seaplane tenders, 2 submarine tenders, 3 mine sweepers, 2 oilers, 3 fleet tugs, 1 mine layer, 1 repair ship, and so forth.

Have you been able to find anyone in the naval service, or any Member of Congress, who can tell us what it is going to cost for the upkeep of this Navy 5 years from now? I have not. Nobody will come out and tell you what it is going to cost for upkeep. In my opinion it will be a burden that the American people cannot stand. We do not need such a large Navy, and I am for adequate defense. No nation from foreign shores is going to come to our land to fight us. We do not want them to and there is no good reason why they should come here if we stay at home and mind our own business.

[Here the gavel fell.]

EXTENSION OF REMARKS

Mr. GILLIE. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein an article from the current issue of the Reader's Digest on lewd literature.

Mr. HOFFMAN. Reserving the right to object, Mr. Speaker, does this article on lewd literature include the article which appeared in the papers about the show the Social Security boys put on in Baltimore the other night?

Mr. GILLIE. No, it does not.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. GILLIE. Mr. Speaker, I ask unanimous consent to revise and extend my remarks in the RECORD, and to include

therein portions of an article from the Chicago Tribune of February 11, 1940.

Mr. RANKIN. Reserving the right to object, Mr. Speaker, on what subject?

Mr. GILLIE. On the subject of sugar.

Mr. RANKIN. That is the most delightful subject I have known the Chicago Tribune to present lately, so I will not object.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. GUYER of Kansas. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD, and to include therein a resolution passed by the Judiciary Committee on the late Honorable Wallace E. Pierce, of New York.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

Mr. SPRINGER. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD, and to include therein a brief editorial published in the Baltimore Sun on February 12.

Mr. RANKIN. Mr. Speaker, reserving the right to object, on what subject?

Mr. SPRINGER. On the life and character of Abraham Lincoln.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. CANNON of Missouri. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD, and to insert therein a statement of the benefits to be received by an extension of the reciprocal-trade agreements, prepared by the Bureau of Domestic and Foreign Commerce.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

JOINT COMMITTEE TO ARRANGE FOR THE INAUGURATION OF THE PRESIDENT-ELECT OF THE UNITED STATES IN 1941

Mr. LEWIS of Colorado. Mr. Speaker, by direction of the Committee on Rules, I call up Senate Resolution 32.

The Clerk read as follows:

Senate Concurrent Resolution 32

Resolved by the Senate (the House of Representatives concurring). That a joint committee consisting of three Senators and three Representatives, to be appointed by the President of the Senate and the Speaker of the House of Representatives, respectively, is authorized to make the necessary arrangements for the inauguration of the President-elect of the United States on the 20th day of January 1941.

Mr. LEWIS of Colorado. Mr. Speaker, Senate Concurrent Resolution 32 is the usual resolution that has been passed every 4 years providing for the appointment of a joint committee of three Senators and three Representatives to make necessary arrangements for the inauguration of the President-elect of the United States on January 20, 1941.

Mr. MARTIN of Massachusetts. Mr. Speaker, will the gentleman yield?

Mr. LEWIS of Colorado. I yield.

Mr. MARTIN of Massachusetts. As I understand, this is the usual resolution that is passed every 4 years?

Mr. LEWIS of Colorado. Yes.

Mr. MARTIN of Massachusetts. It is identical in phraseology with previous resolutions?

Mr. LEWIS of Colorado. So I am informed; yes.

Mr. MARTIN of Massachusetts. The gentleman does not know, then?

Mr. LEWIS of Colorado. This is a Senate resolution. I understand it is identical in phraseology with previous resolutions of this character. However, I have not personally checked it.

Mr. RANKIN. Mr. Speaker, will the gentleman yield?

Mr. LEWIS of Colorado. Certainly.

Mr. RANKIN. Under the so-called lame-duck amendment, if one candidate for President should fail to receive a majority of the electoral votes, then, of course, the election is thrown

into the House; and, contrary to the form of procedure theretofore provided, as I understand it, the new Congress and not the old one would elect the President. Am I correct?

Mr. LEWIS of Colorado. That is my understanding; yes, that is the way I read the twelfth and twentieth amendments.

Mr. RANKIN. Then should we find ourselves in that predicament next January, it would be impossible to put this resolution into effect, would it not?

Mr. LEWIS of Colorado. Congress meets on the 3d of January. The inauguration of the President will take place on the 20th of January.

Mr. RANKIN. That gives Congress only 17 days in which to elect a President.

Mr. LEWIS of Colorado. I think the gentleman from Mississippi—as have many others of us—has seen a number of difficulties with the so-called lame-duck amendment—the twentieth amendment.

Mr. RANKIN. I see a great many.

Mr. LEWIS of Colorado. The subject has been discussed several times on the floor of the House by the distinguished gentleman from Texas [Mr. SUMNERS], chairman of the Judiciary Committee.

Mr. RANKIN. How is that?

Mr. LEWIS of Colorado. The gentleman from Texas [Mr. SUMNERS] has pointed out some of these difficulties from time to time.

Mr. RANKIN. If this election is thrown into the House, as I understand it, the Congress would have to select the President from one of the three highest candidates, each State casting 1 vote. It seems to me entirely improbable, if we were to get into a contest of that kind, that it would be disposed of within 2 or 3 weeks. I am wondering if any provision in the resolution will take care of the situation in case there is a deadlock that would carry beyond the 17 days.

Mr. LEWIS of Colorado. There is no express provision in this resolution, but I believe that difficulty would be promptly and properly taken care of by the Congress if any such situation should arise.

The SPEAKER pro tempore. The question is on agreeing to the resolution.

The resolution was agreed to, and a motion to reconsider was laid on the table.

SPECIAL COMMITTEE TO INVESTIGATE CAMPAIGN EXPENDITURES

Mr. LEWIS of Colorado. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 344 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

House Resolution 344

Resolved, That a special committee of seven be appointed by the Speaker of the House of Representatives to investigate and report to the House not later than January 3, 1941, the campaign expenditures of the various candidates for the House of Representatives in both parties, or candidates of parties other than or independent of the Democratic or Republican Parties, the names of persons, firms, associations, or corporations subscribing, the amount contributed, the methods of collection and expenditures of such sums, and all facts in relation thereto, not only as to subscriptions of money and expenditures thereof but as to the use of any other means or influences, including the promise or use of patronage, and all other facts in relation thereto that would not only be of public interest but would aid the Congress in necessary legislation or in deciding any contests which might be instituted involving the right to a seat in the House of Representatives.

The investigation hereby provided for in all the respects above enumerated shall apply to candidates and contests before primaries, conventions, and the contests and campaigns of the general election in 1940, or any special election held prior to January 3, 1941. Said committee is hereby authorized to act upon its own initiative and upon such information which in its judgment may be reasonable and reliable. Upon complaint being made before such committee, under oath, by any person, persons, candidates, or political committee setting forth allegations as to facts which, under this resolution, it would be the duty of said committee to investigate, said committee shall investigate such charges as fully as though it were acting upon its own motion, unless, after hearings on such complaints, the committee shall find that such allegations in said complaints are immaterial or untrue.

That said special committee or any subcommittee thereof is authorized to sit and act during the adjournment of the Congress, and that said committee or any subcommittee thereof is hereby empowered to sit and act at such time and place as it may deem

necessary; to require by subpoena or otherwise the attendance of witnesses, the production of books, papers, and documents; to employ stenographers at a cost of not exceeding 25 cents per hundred words. The chairman of the committee or any member thereof may administer oaths to witnesses. Subpenas for witnesses shall be issued under the signature of the chairman of the committee or subcommittee thereof. Every person who, having been summoned as a witness by authority of said committee or any subcommittee thereof, willfully makes default, or who, having appeared, refuses to answer any question pertinent to the investigation heretofore authorized, shall be held to the penalties as prescribed by law.

With the following committee amendment:

Page 1, line 1, strike out "seven" and insert "five."

Mr. LEWIS of Colorado. Mr. Speaker, this resolution—House Resolution 344—is in the usual form of resolution passed every 2 years for the purpose of investigating campaign expenditures, and so forth, of the various candidates for the House of Representatives. It is the same in form as similar resolutions adopted each 2 years since I have been a Member of the House. The only variance from the same form has been that sometimes the special committee has been of seven and sometimes of five members. It seemed to Rules Committee that five on this special committee would be quite sufficient. Therefore Rules Committee proposed the amendment to the resolution reducing the membership of the special committee from seven to five.

Mr. RANKIN. Will the gentleman yield?

Mr. LEWIS of Colorado. I yield to the gentleman from Mississippi.

Mr. RANKIN. Is not this going behind the primaries a new departure?

Mr. LEWIS of Colorado. It has been very much of a question whether the House has any control over the primaries or other methods by which candidates for Representatives from the respective States are selected. The language in here is the same as that used for a long time. I think no effort has been made by any such House committee to investigate primaries. I made an exhaustive study of that question a couple of years ago. I believe no special committee of this sort has ever attempted to enter into any investigation as to how candidates for Congress are selected. I have concluded that—certainly since the Force Act was repealed—it is not within the power of a special House committee to investigate the method of nominating candidates for Congress because that is, I believe, within the exclusive jurisdiction of the States.

Mr. RANKIN. I seriously doubt the advisability of giving a congressional committee the right to go behind the primary nominations or the convention nominations in these investigations. Suppose you did the same thing with reference to Presidential candidates. Are you going to make an investigation of all the campaign funds and all campaign contributions of every candidate for President before the convention, then use that when it comes to the question of electing a President if the proposition should be thrown into the House for consideration?

Mr. LEWIS of Colorado. I think that would have to be taken up by statute and not by House resolution. The theory on which the appointment of this committee is based is that under the Constitution the House is "the judge of the elections, returns, and qualifications of its own Members." This is for the purpose of investigating promptly complaints based on alleged violations of the Corrupt Practices Act to the end that, if a contest should be filed, the House would be in possession of some facts assembled at or about the time of such alleged violations. It is also believed that the mere existence of such special committee should serve as a deterrent to any who might contemplate such violations.

Mr. RANKIN. I did not understand the gentleman's answer to my question a while ago. Is this the first time that Congress has ever attempted to go behind the primaries in an investigation?

Mr. LEWIS of Colorado. This is the form of resolution that has been adopted by the House for many years, certainly ever since I came to the House in 1933.

Mr. RANKIN. There have been no investigations of primary elections under it?

Mr. LEWIS of Colorado. I was chairman of such special committee appointed 2 years ago. I reached the conclusion, after careful investigation of decisions of the Supreme Court, that, since repeal of the Force Act, there has been no power in such special committee to investigate the conduct of primaries or other methods of selecting candidates for Congress.

Mr. RANKIN. The gentleman from Michigan [Mr. HOFFMAN] stated that the Newberry case came under it, but Newberry was tried by the Senate on a motion to expel on the proposition of the corrupt expenditure of campaign funds in a primary.

Mr. HOFFMAN. Will the gentleman yield?

Mr. LEWIS of Colorado. I yield to the gentleman from Michigan.

Mr. HOFFMAN. The amount expended at that time was very, very small compared with what is spent now.

Mr. RANKIN. I do not know what they are spending now. But I heard Newberry admit he spent \$196,000.

Mr. HOFFMAN. I was thinking of the \$470,000 that John Lewis contributed to the last campaign fund.

Mr. RANKIN. If the gentleman wants to go into the Republican fund, he will probably find there are millions. I am talking about the primary elections.

Mr. HOFFMAN. We spent our own money. You spent Government money.

Mr. RANKIN. The only difference is you wrung it from one crowd and John L. Lewis wrung it from another.

But I do not care to go into these Michigan elections. I am a little bit apprehensive about the extent of the powers granted under this resolution. If we are going to investigate every primary campaign, it seems to me we are going far afield in this House when it has the right to expel a man at any time because of misconduct. I am not going to make all these fights, but I doubt the advisability of passing a resolution of this kind.

Mr. LEWIS of Colorado. I may say to the gentleman that the resolution was introduced by the gentleman from North Carolina [Mr. WARREN]. I assume that, as the author of the resolution, he would probably be appointed chairman of the special committee. I do not know what conclusion he might reach; but certainly, after the investigation I made, I reached the conclusion that we had no power under a resolution of this sort in spite of those words in there to investigate primary campaign expenditures or to go behind the law as fixed by the respective States.

Mr. RANKIN. As I understand, the gentleman is not in favor of going behind the primaries?

Mr. LEWIS of Colorado. I reached the conclusion we had no power so to do. That is my own opinion.

Mr. ALLEN of Illinois rose.

Mr. RANKIN. Would the gentleman agree to an amendment striking out that part of the resolution?

Mr. LEWIS of Colorado. I believe I had better yield, if you please, to the gentleman from Illinois, my colleague on the Committee on Rules.

Mr. ALLEN of Illinois. Inasmuch as this is the usual and customary resolution, the minority side does not require any time.

Mr. RANKIN. If the Republicans can stand investigation, we certainly can.

The SPEAKER pro tempore. The question is on the committee amendment.

The committee amendment was agreed to.

The resolution was agreed to.

A motion to reconsider was laid on the table.

ELECTION OF PRESIDENTIAL ELECTORS

The SPEAKER pro tempore. The Chair recognizes the gentleman from Texas [Mr. SUMNERS] for 1 minute.

Mr. SUMNERS of Texas. Mr. Speaker, while you are considering this matter of the preservation of the integrity of elections, I want to do what I have been doing every year for about 6 or 8 years, direct your attention to the fact that

under the existing system it is possible to elect a President by fraud and nothing can be done about it.

This is a pretty strong statement. Let me make a little explanation. When we passed the lame-duck amendment, as you know, we moved the time for the inauguration of the President from March back to January but we did not move back the time for the election, so we left about 41 days, according to my recollection, between the time when the electors are elected and the time when they meet to vote for the President.

There is no one in this Chamber who does not know that it is impossible to gear up our judicial machinery so that in those 41 days there can be inaugurated proceedings and a determination of the question of whether or not there has been fraud in the election of electors.

I have been calling the attention of the House to that fact and for 6 or 7 years I have been introducing a bill to correct that situation, but we just sit here and do nothing about it. One of these times we are going to be face to face with serious charges with reference to the election of a President and not a thing can be done about it. It is about time that we were getting busy; while we cannot do anything about the coming election, we can enact legislation now and make it applicable to the election of the President after this next election. This would give our legislators plenty of time to modify their existing law so that only one general election would be required. I propose moving the election date from November to October. The present law can be redrafted and a week or 10 days additional can be gained there. But as it is we are in a perfectly inexcusable situation. With none too much time originally between the election and the inauguration, to change the inauguration time from March to January and leave the election time exactly where it was when the inauguration was in March is a serious reflection upon the Congress. [Applause.]

[Here the gavel fell.]

CALL OF THE HOUSE

Mr. CLASON. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

Mr. COOPER. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 26]

Allen, La.	Drewry	Magnuson	Seccombe
Arends	Dunn	Maloney	Shafer, Mich.
Austin	Elliott	Marshall	Shannon
Barden	Englebright	Martin, Ill.	Sheridan
Barry	Evans	Merritt	Short
Barton	Fernandez	Mills, La.	Smith, Ill.
Beam	Fish	Mouton	Smith, Maine
Bell	Fitzpatrick	Myers	Smith, Wash.
Boehne	Garrett	Nelson	Smith, W. Va.
Brewster	Gearhart	Norton	Somers, N. Y.
Brooks	Gehrmann	Oliver	Starnes, Ala.
Buckley, N. Y.	Geyer, Calif.	Osmers	Steagall
Bulwinkle	Gilchrist	Patton	Sullivan
Byrne, N. Y.	Grant, Ind.	Pfeiffer	Sweeney
Byron	Harness	Rabaut	Taylor
Celler	Hart	Randolph	Thomas, N. J.
Chapman	Hinshaw	Reece, Tenn.	Tinkham
Clark	Hope	Risk	Wadsworth
Collins	Jarrett	Robison, Ky.	Ward
Cox	Jenkins, Ohio	Rockefeller	Welchel
Crowther	Keller	Rodgers, Pa.	White, Ohio
Culkin	Kirwan	Romjue	Williams, Del.
Darrow	Kleberg	Routzohn	Winter
DeRouen	Knutson	Sabath	Woodruff, Mich.
Dickstein	Lewis, Ohio	Sacks	Woodrum, Va.
Dirksen	McAndrews	Sasser	
Ditter	McGranery	Schwert	

The SPEAKER pro tempore. Three hundred and seventeen Members have answered to their names, a quorum.

Further proceedings under the call were dispensed with.

EXTENSION OF REMARKS

Mr. EDMISTON. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein

an address delivered by myself on Lincoln Day in Clarksburg, W. Va.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

HOOR OF MEETING TOMORROW

Mr. SCRUGHAM. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet tomorrow, Friday, February 16, 1940, at 11 o'clock a. m.

The SPEAKER. Is there objection to the request of the gentleman from Nevada?

There was no objection.

NAVY DEPARTMENT AND NAVAL SERVICE APPROPRIATION BILL, 1941

Mr. SCRUGHAM. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 8438) making appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1941, and for other purposes; and pending that motion, I ask unanimous consent that general debate continue for 3 hours, the time to be equally divided between the gentleman from Vermont [Mr. PLUMLEY] and myself, and that at the conclusion of that debate the Clerk shall read the first paragraph of the bill and the Committee shall rise.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Nevada?

There was no objection.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 8438, with Mr. BLAND in the chair.

The Clerk read the title of the bill.

Mr. SCRUGHAM. Mr. Chairman, I yield 15 minutes to the gentleman from Georgia [Mr. VINSON].

Mr. VINSON of Georgia. Mr. Chairman, the naval appropriation bill as submitted to the Appropriations Committee in accordance with the recommendations of the President's Budget called for \$1,078,472,577.

The bill before the House as reported by the subcommittee on naval appropriations carries \$966,772,878, being a reduction under Budget estimates of \$111,699,699.

The Committee should understand that while there is a reduction of \$111,699,699, yet nevertheless by the language of the bill making immediately available \$50,000,000 for ship construction from the 1941 Budget to take care of work under the 1940 Budget there will be an immediate deficit of \$50,000,000 in the fiscal year 1941.

In addition to the deficit of \$50,000,000 there has been a reduction of \$25,000,000 in the appropriation bill to carry on the ship construction which is under way, which will bring about a further deficit of approximately \$25,000,000.

So the House should understand that there will be a deficit of approximately \$75,000,000 for ship construction to be dealt with at the first session of the Seventy-seventh Congress.

There is sufficient money appropriated in the bill now under consideration to carry on ship construction until about April 1941.

If there is no deficiency appropriation in the Seventy-seventh Congress, the appropriation bill for the fiscal year 1942, which will be considered during the calendar year 1941, will have to make immediately available \$75,000,000 or else the ship-construction program must stop.

I have broken down the naval appropriation bill and analyzed the reduction in each bureau, which is as follows:

Naval appropriation bill, 1941

The estimates which were before the committee totaled.....	\$1,078,472,577
The bill as reported carries.....	966,772,878
The total reduction therefore is.....	111,699,699

Naval appropriation bill, 1941—Continued

The major reductions are as follows:

Secretary's office.....	\$59,525
Eliminating administrative promotion money, eliminating 19, of which 13 employees in Personnel Division (Plozet's office), \$45,990; printing and binding, \$65,000; miscellaneous expenses, \$193,495; increase in Naval Research Laboratory of \$249,220. There is nothing of great consequence in the foregoing.	
Bureau of Navigation.....	234,765
The only two major changes being a reduction in welfare and recreation of \$130,000, and an increase in Naval Reserve of \$189,940. The Naval Reserve increase is to provide some training for volunteer Naval Reservists.	
Engineering.....	6,531,140
\$2,110,000 of this was for two fleet net layers. The remainder of the money is supposed to be a 10-percent general cut. In view of the fact that money for the boom tenders, \$3,600,000, is still in the bill under the "B" budget, this is not as serious as it sounds, although the reduction of \$3,708,120 in the "A" budget has to come out of yard and district craft, the material maintenance and improvement plan, or special repair items.	
Construction and repair.....	5,415,300
Here again, \$1,800,000 of this is for two fleet net layers. The rest of the cut is presumed to be a 10-percent cut against the "A" budget total. Here also is \$4,400,000 still in the "B" budget for the boom tenders. The cut in the "A" budget will have to come out of the same items mentioned under "Engineering."	
Ordnance and ordnance stores.....	26,877,212
Of which \$21,971,140 is the net project. The remainder of the cut, \$4,905,952, is against aviation ordnance.	
Pay, subsistence, and transportation.....	9,487,722
Comprised of the following:	
Reduced number of enlisted men going into Naval Reserve (16- and 20-year men).....	\$1,000,000
Reduced ration cost, 2 cents.....	1,013,450
Reducing pay for retired officers to include only those now on active duty.....	2,052,500
Reducing enlisted strength 2,000, from 152,000 to 150,000.....	1,806,316
Changing percentage distribution by pay grades.....	1,615,456
General reduction.....	2,000,000
	9,487,722
Clothing and small stores fund.....	2,000,000
\$4,000,000 was requested.	
Medical Department:	
No reductions of consequence under medicine and surgery.	
Yards and docks:	
No reductions under yards and docks except public works.	
Public works.....	8,596,525
The projects which the committee allowed are listed on page 10 of the report. Harbor works at Guam were allowed.	
Aviation, Navy.....	21,714,600
In addition to this cut the contract authorization was reduced from \$20,000,000 to \$10,000,000. What the committee states on page 5 of the report is that the Naval Air Service is ahead of the strength contemplated under the act of 1938, which contemplated 3,000 planes by 1944. Therefore the committee has reduced the amount requested for expansion planes to \$2,000,000, which is to be expended for the purchase of prototypes and other experimental craft, including those to be powered by Diesel engines. It has allowed 305 replacement planes (297 for Navy and 8 for Naval Reserve), which was the amount requested, and has allowed as to expansion planes the 47 for the Naval Reserve, but disallowed the 224 requested for the Navy. The general effect of the foregoing is to add \$2,000,000 to experimental funds and cut out the regular expansion aircraft of the Navy. More serious than this, the \$10,000,000 contract authorization applies to that extent against \$29,884,400 of replacement planes, so that even \$10,000,000 of replacement plans will have to be paid for next year.	
Marine Corps:	
Cuts negligible.	

Naval appropriation bill, 1941—Continued

Replacement of naval vessels:	
Construction and machinery.....	\$24,928,021
Armor, armament, and ammunition.....	3,700,000
These cuts were made by merely deferring into a deficiency bill for 1941 certain charges. The statement of the committee is as follows:	
Reduce estimate for two 1940 battleships.....	\$9,335,500
Reduce estimate for two 1940 cruisers.....	3,520,000
Reduce estimate for two 1941 battleships.....	6,000,000
Reduce estimate for two 1941 cruisers.....	1,150,000
Reduce amount of estimate for work on ships commissioned prior to July 1, 1939.....	4,922,521
	24,928,021

Similar reductions under "Armor, armament, and ammunition" total \$3,700,000.

What the committee says is that funds have been left in the bill to work up plans for two new capital ships, intimating that some other design than 45,000-ton ships should be adopted. The same applies to the cruisers. In the case of the 1940 ships the intimation is that plans of these ships should be changed to incorporate more speed, armor, and armament; in other words, more tonnage. Language of the bill permits laying down all of the vessels which we asked for.

Alterations to naval vessels.....	2,000,000
Flat cut because the report says the <i>Saratoga</i> and <i>Lexington</i> will not be available for yard overhaul before Jan. 1, 1941. I believe engineering furnished the committee the information for this cut.	

I realize fully the earnest desire of the subcommittee to take care of the Navy's needs and not to cripple the first line of the national defense and at the same time being confronted with the condition of the Government's finances, the problem of increased taxes, and the approach to the statutory debt limit.

I can fully appreciate the difficulties confronting the committee; therefore, I shall support the measure as presented by the committee; however, I hope that some of the severe cuts, such as the flat 10-percent reduction in engineering and construction and repair amounting to some \$6,000,000 for the general upkeep of the forces afloat, and also the reduction of aviation and the procurement of planes, and particularly the contract authorization for the purchase of planes for the aircraft carrier *Hornet* which will soon be completed can be adjusted before the bill finally becomes law.

In view of the fact that much has been said in the papers and the comments in the committee's report in regard to larger battleships, I desire to make some observations on that subject.

I am thoroughly in accord with the desire of the chairman and the subcommittee that this Government shall construct ships superior to those of any other nation and that our shipbuilding program should not be confined to imitation of other nations. In other words, this Nation should build the type and character of ships its defenses require irrespective of what other nations build.

In my opinion, the American Navy, both in material and personnel, is unsurpassed by any other nation. There can be no doubt that we exceed all other nations as far as naval aviation is concerned, and this has been accomplished due to the fact that naval aviation has remained a part and parcel of the Navy and there has never been established a separate air corps.

I am not one of those who believe that we should launch upon a program of building 75,000-ton battleships.

I have been a member of the Naval Affairs Committee for 23 years. During that time I have become familiar with a great many phases of naval activities and naval problems. But when it comes to all of the factors of naval strategy and naval tactics and the conflicting considerations which dictate the characteristics that are to be embodied in building ships, I have found that the only safe course is to depend on the best advice that can be obtained, and that is from the ex-

perienced naval officers in positions of responsibility who are our naval experts.

I have found no responsible naval officer who advocates jumping at this time to a battleship of 75,000 tons. So far as I have learned, they unanimously support the laying down at the present time of the 45,000-ton battleships. These officers include the naval designers, the members of the general board, the present Chief of Naval Operations, and his predecessor and the last commander in chief of the fleet. This action of adhering for the present to the 45,000-ton design is urged not only by the naval designers responsible for the building of the ships but by the military men responsible for fighting them, and fighting them successfully.

Shipbuilding is at once a science and an art. As an art, a ship of new design represents a development from ships that have been built and proved before. As a highly important consideration, therefore, it is undesirable from the point of view of actual construction to increase the size of ships as compared to existing ships by too large an increase. We have now under construction battleships approximately one-third larger than existing ships.

Mr. SUMNERS of Texas. Mr. Chairman, would it interrupt the gentleman to yield?

Mr. VINSON of Georgia. Not at all.

Mr. SUMNERS of Texas. Will the gentleman advise us as to whether there is any relationship between speed and size?

Mr. VINSON of Georgia. In the construction of a ship you have to take into consideration speed and size, and oftentimes you have to determine to which you will give superiority. It is sometimes impossible to have all the speed and all the armor in the same ship.

Mr. SUMNERS of Texas. What I am trying to find out is whether you can get as much speed in a little ship.

Mr. VINSON of Georgia. I am coming to that in a moment.

The present tonnage of the largest battleship in the United States Navy is 35,000 tons. The appropriation bill for the fiscal year 1940 provided for the laying down of two battleships and it is contemplated that their tonnage will be 45,000 tons. The plans for these two ships have been practically completed.

To undertake the construction of a ship more than double the size of existing ships—such as a 75,000-ton ship—would be, under the circumstances, extremely unwise unless there were very compelling reasons for doing so. Such reasons do not exist at the present time.

There are other complications with reference to the construction of 75,000-ton ships:

First. The limitations of the Panama Canal locks;

Second. Channels into the harbors throughout the country;

Third. Room in the harbors; and

Fourth. Drydocks.

The Panama Canal will not take a 75,000-ton battleship. The new locks when completed will be approximately 1,200 feet long and 140 to 150 feet wide. Such locks could take a 75,000-ton ship, but the contemplated new locks will not be finished until 1946, while it is anticipated to finish the 45,000-ton ships within the next 4 years.

There is not a single drydock in the United States or in Hawaii large enough to accommodate 75,000-ton battleships.

Harbor facilities as they exist today, without considerable overhauling, are inadequate for the movability of 75,000-ton battleships. As to the channels, some of our important entrance channels are traversed with difficulty by ships of the size of the *Lexington* and *Saratoga*, and they are only 33,000 tons.

I repeat, none of our drydocks, either east coast, west coast, or Hawaii, is sufficiently large to dock a 75,000-ton ship. It is true that new and bigger docks can be built, present docks can be enlarged, harbors deepened, and new and larger canal locks are in prospect. But all of this will require time and money—much money. The time that is to elapse, or would elapse, before the essential facilities can be provided is uncertain. Would we then build an uncertain ship whose

employment would be not only uncertain but doubtful because of uncertain or nonexistent locking, docking, and harbor facilities?

Mr. TERRY. Mr. Chairman, will the gentleman yield for a question?

Mr. VINSON of Georgia. I yield.

Mr. TERRY. What is the present capacity of our largest dock?

Mr. VINSON of Georgia. It is only large enough to take care of 35,000-ton ships.

Mr. TERRY. Then the present drydocks cannot take care of the 45,000-ton ships?

Mr. VINSON of Georgia. They can take care of them with the additions provided for in the bill reported out of the Naval Affairs Committee on yesterday.

Mr. TERRY. Is there any demand for 75,000-ton ships?

Mr. VINSON of Georgia. There has been a good deal of agitation in the country and a good deal of talk about 75,000-ton battleships.

Mr. TERRY. But there is nothing in this bill?

Mr. VINSON of Georgia. There is nothing in this bill about 75,000-ton battleships. We are committed to 45,000-ton battleships, and it is to be hoped that these 45,000-ton battleships will be taken care of in this bill.

Mr. TABER. Mr. Chairman, will the gentleman from Georgia yield?

Mr. VINSON of Georgia. Yes.

Mr. TABER. The same thing the gentleman has said with reference to a 75,000-ton ship would apply to a 55,000-ton ship or a 65,000-ton ship?

Mr. VINSON of Georgia. Exactly; and may I say that the idea of these 75,000-ton ships originated in the mind of some designers in New York who drafted a 60,000-ton battleship which was sent to Russia, and I do not know what ever became of it. The firm of Gibbs & Cox drew the design for a 60,000-ton battleship, but what we want here is a 45,000-ton battleship, which has been recommended by this committee and which I hope the House will go along with and put in the bill.

Mr. MAY. Mr. Chairman, will the gentleman yield?

Mr. VINSON of Georgia. Yes.

Mr. MAY. I do not know that the gentleman has specifically so stated, but I think it is clear that the 45,000-ton battleships can go through the Panama Canal's present locks, and, therefore, they are not in excess of the size that can be used.

Mr. VINSON of Georgia. That is correct.

Mr. VORYS of Ohio. Mr. Chairman, will the gentleman yield?

Mr. VINSON of Georgia. I yield to the gentleman.

Mr. VORYS of Ohio. Does the gentleman say that the 45,000-ton ships will be able to use the present locks?

Mr. VINSON of Georgia. They will; yes.

Mr. VORYS of Ohio. And the present drydocks?

Mr. VINSON of Georgia. Yes.

Mr. VORYS of Ohio. And the present channels?

Mr. VINSON of Georgia. That is right, exactly. There is this involved in the matter. We may be compelled to spend on the navy yards some \$15,000,000 or \$20,000,000 in expansion to carry on the building as rapidly as we want to do it, but they can build, and are making preparations to build, two 45,000-ton battleships now. The plans have already been perfected and this bill calls for two additional ones.

Mr. MOTT. Mr. Chairman, will the gentleman from Georgia yield?

Mr. VINSON of Georgia. Yes.

Mr. MOTT. Inquiry was made a moment ago as to whether there was demand for 75,000-ton battleships; is it not the implication of the report here from the Committee on Appropriations that the 45,000-ton battleship is not big enough or that the ones now under construction are not modern enough?

Mr. VINSON of Georgia. That inference could be drawn from the committee report and that is the reason I said at the beginning of my remarks, "in view of those comments."

Mr. MOTT. And that is an answer to the question of whether there is a demand for such large battleships.

[Here the gavel fell.]

Mr. VINSON of Georgia. Will the gentleman yield me 5 or 10 minutes more?

Mr. SCRUGHAM. Mr. Chairman, I yield the gentleman 10 minutes more.

Mr. VINSON of Georgia. Notwithstanding the difficulties presented by nonexistent locking, docking, and harbor facilities it is of primary consideration that our naval experts, to the last man, are opposed to these superbattleships.

Not a single designer, not a single naval expert in the Navy Department is in favor of going over for the time being the authorization of these 45,000-ton battleships.

Mr. SUMNERS of Texas. Mr. Chairman, will the gentleman yield?

Mr. VINSON of Georgia. Yes.

Mr. SUMNERS of Texas. We are going to stand by the gentleman on these big battleships, but we ordinary folks would like a little information. Do we have to get an awful big battleship to carry a gun that is equal in range to these big guns we hear about? What is the use of having big battleships, when one of these big bombs will perhaps blow it out of the water?

Mr. VINSON of Georgia. The 45,000-ton battleships would have the same speed, the same armor, the same sized gun, that is the 16-inch gun, as the 75,000-ton battleship, and the 45,000-ton battleship costs \$90,000,000, while the 75,000-ton battleship costs \$140,000,000.

Mr. TABER. Mr. Chairman, will the gentleman yield?

Mr. VINSON of Georgia. Yes.

Mr. TABER. The better ones of our 35,000-ton battleships now have 16-inch guns.

Mr. VINSON of Georgia. Exactly.

Mr. MILLER. Mr. Chairman, will the gentleman yield?

Mr. VINSON of Georgia. Yes.

Mr. MILLER. Is the gentleman going to discuss the development in bombing technique?

Mr. VINSON of Georgia. No.

Mr. MILLER. Will these 45,000-ton ships be any better protected than the ships of the last few years?

Mr. VINSON of Georgia. Oh, everyone knows that probably under certain conditions torpedoes can sink a battleship, and you might put enough bombs on a battleship possibly to sink it, but, as far as human ingenuity is concerned, it is the most durable of all ships and the most durable of all weapons.

Mr. MILLER. I do not think the chairman got the question. Is the development in defense—that is, defense from air attack—improving as rapidly as bombing technique?

Mr. VINSON of Georgia. Every battleship carries the latest antiaircraft guns it is possible to provide.

Battleship superiority can be attained either by a superiority of ship for ship, by a superiority of numbers, or by a combination of these two. I am far from being in disagreement with those who advocate that we should lead, and not follow, the world in the development of our ship types. This should be true of the United States beyond any other nation, particularly in the matter of battleships. Designs for larger battleships up to a certain point undoubtedly provide a desirable step in this direction.

In the meantime, the 45,000-ton battleships that we are building have the same size guns and have approximately the same protection and speed. They are ships which would not be outmoded even by the proposed superbattleships, provided always that we have a sufficient number of the 45,000-ton ships.

Mr. VORYS of Ohio. Mr. Chairman, will the gentleman yield?

Mr. VINSON of Georgia. Yes.

Mr. VORYS of Ohio. Will not the same argument apply to building 20,000-ton cruisers as opposed to the battleships?

Mr. VINSON of Georgia. No. Because the 20,000-ton cruiser cannot stand up against a battleship, even of 35,000 tons.

Looking at it from another angle, the cost per battleship-ton is about the same, irrespective of size. That being so, then for the cost of two 75,000-ton ships we could just about build four 45,000-ton ships. Having about the same speed, armor, and armament, it is self-evident that four ships would be

superior to the two. Visualize them opposed in battle—the four smaller ships would have the advantage of larger targets, concentration of fire, and preponderance of armament. The larger ships would have more and smaller targets to cover, which would materially reduce their effectiveness.

Then again—suppose a ship on each side was disabled—the larger ships would lose half their strength while the smaller ones would lose only one-fourth.

To sum up, the naval experts are of the opinion that at this time we should not embark upon a program of constructing 75,000-ton battleships, and I am thoroughly in accord with their stand.

In the interest of economy we should adhere to the naval experts' program to lay down and build simultaneously the four 45,000-ton battleships.

By doing so millions upon millions of dollars can be saved because these ships will be sister ships, all of the same design and, it is contemplated that two of them will be built in industrial yards and two of them in navy yards.

The cost to construct a 75,000-ton ship is approximately \$120,000,000 to \$130,000,000 and to build a 45,000-ton ship as the Navy desires will cost approximately eighty-five or ninety million dollars.

While we all recognize the fact that war is going on in Asia and Europe and this country must look to its defenses, nevertheless in approaching these naval matters we should do so with no hysteria.

Mr. COCHRAN. Mr. Chairman, will the gentleman yield?

Mr. VINSON of Georgia. Yes.

Mr. COCHRAN. I did not want to interrupt the gentleman, but at the outset of his speech he stated without reservation, as I understood, that on April 1, 1941, there would be a deficit, and pointed out the necessity for a deficiency appropriation.

Mr. VINSON of Georgia. That is correct.

Mr. COCHRAN. If that occurs, will that not be a direct violation, of the statute which requires the spending agencies to spread their appropriations over a 12-month period?

Mr. VINSON of Georgia. No; the gentleman is mistaken, because the bill makes available now \$50,000,000 of the 1941 money. This money is being appropriated to run the Navy from July to July. In this bill we permit the Navy Department to use \$5,000,000 of the money which we are going to appropriate. In other words, we are \$50,000,000 short right now.

Next year you have to take care of that \$50,000,000 either by a deficit appropriation or making the money available in the appropriation bill of 1941 immediately available. I say that is not the way to legislate. What we should do is to appropriate money from July to July; but I recognize the fact of what we are all up against, and I certainly find myself in accord with this bill and it will have my hearty support. The committee is to be congratulated, being confronted with the difficulties which they are, on the magnificent bill they have presented here. [Applause.]

[Here the gavel fell.]

Mr. PLUMLEY. Mr. Chairman, I yield 20 minutes to the gentleman from New Jersey [Mr. EATON].

Mr. EATON. Mr. Chairman, I desire to offer a few observations suggested by the mysterious paralysis which seems to have afflicted the administration and the Congress in dealing with the question of a loan to Finland.

Against the prevailing world-wide social and economic uncertainty, the clash of irreconcilable ideologies, the waste and suffering of war, the well-nigh universal moral collapse and consequent intellectual confusion, two questions confront the American people like flames of lightning against a stormy sky.

No successful denial or evasion of these questions is possible. They must be answered in American terms by an enlightened and united American public opinion if our fundamental American plan of life is to be preserved and civilization itself saved from chaos.

First. What kind of a world are we and our children going to live in after this present universal black-out of reason, justice, and humanity is lifted?

Second. What kind of a country are we and our children going to live in from now on?

The final answer to the first of these questions will determine in large measure the answer to the second.

If the world becomes a charnel house of moral, mental, and material slavery enforced by fear, hate, and armed force, and putrid with the stench of dead rights and liberties, how can America hope to escape the universal infection? If the world is able, as a result of its present travail, to establish a new civilization upon the unshakable foundations of moral and spiritual unity, economic cooperation, political, social, and personal freedom, would that not impart to our American institutions a new vigor and inspire our people with a new vision in the art of living?

The feeble and faltering attitude of our Government and people toward the first of these questions, we like in moments of mental and moral relaxation to call our foreign policy.

It is this alleged foreign policy—this conglomeration of contradictions and expediences—which I desire to explore briefly at this time. I do this not with any sanguine expectation of effecting immediate changes in our present policy or practice, but in order to relieve my own mind by sharing with my colleagues certain disturbing and depressing reflections upon the general situation, and in particular upon the question of our Government's proposed aid to the heroic and freedom-loving people of Finland in their hour of desperate need.

It is hard for us to obtain a clear picture of the present period of fundamental transition in world affairs and its inevitable effects upon our own American economy, because of certain mutually antagonistic psychological forces at work among our people.

Following the illustrious example of the New Deal's high command, we seem to be moving at varying rates of speed in several opposite directions at once. We do not know where we are going, but we are on the way.

The American people, greatly to their credit, have reached a settled conviction on one or two central principles from which there may be evolved, in time, a rational approach to the vital problems which remain to be solved if civilization is to endure.

Our people are practically unanimous in their abhorrence and renunciation of war as a method of settling international disputes. They are equally fixed in their belief that peace is the only sound foundation for a free, progressive, and permanent democratic world civilization.

Apart from, and perhaps because of these commendable expressions of public opinion, our governmental attitude toward present world problems, and especially toward the question of a Government loan or gift to Finland, is evasive, hesitant, and timorous. This attitude may be a reflection of the peculiar psychological crisis, to which I referred a moment ago, in which the American people find themselves involved.

The moral judgment of the American people on this question is absolutely sound. As President Roosevelt recently said, at least 98 percent of our people are in favor of Finland. They are in favor of Finland and against Russia because they love liberty and hate tyranny. They know that Finland is right and Russia is wrong. They know that Finland represents every ideal and principle of freedom, integrity, and justice which has made America great. They know that if the Russian monster destroys Finland it will mean to that extent the weakening in the world of everything we in America hold sacred—religion, humanity, justice, and freedom. Every normal American is in complete moral revolt against the hatred, fear, cruelty, greed, and brutality now threatening to destroy the world.

But as yet the American people, and equally their Government, are confused and uncertain as to the choice of means for implementing the authority of their moral sense in these international affairs. The reason for this intellectual uncertainty and confusion is clear.

For 150 years our people and Government were engaged in developing a vast new continent; in building up a complicated

economic structure; in creating and testing systems of government and law; in fostering social institutions for highest service to the individual. Our backs were toward the outer world. We faced in upon ourselves. We were nurtured in the faith that we could remain forever safely insulated from the political and social changes and chances incessantly developing throughout the rest of the world.

These conditions of safe and satisfying parochialism are now "gone with the wind." America has become the richest and most powerful nation in the world. And we are now faced with the duty of discharging the moral obligations which inhere in the possession of this wealth and power. From this moral obligation there is no honorable way of escape.

We are now not only a world power—we are, in respect of resources, the leading world power. And we do not quite know how best to behave in this new and unaccustomed but inevitable role. We are like a colt being broke to the plow; we cannot as yet keep our shoulder firm against the collar and our feet in the furrow. We are thoroughly familiar with our own numerous forms of home-grown political and economic skulduggery. But as yet we do not feel entirely sure of ourselves when we get out in the big world of devious diplomacy. We shall probably have to serve a generation or two of diplomatic apprenticeship before this absurd and unnecessary inferiority complex in dealing with world affairs is finally sloughed off.

Meanwhile let us take a square look at this question of our making a Government loan or gift to Finland in its hour of desperate need. Such a straight loan or gift is in accord with the moral sense and expressed desire of a majority of our people. Yet here we are, the most powerful government in the world, headed by the greatest administration since 1933 [laughter], behaving on this question of a loan to Finland like an elephant afraid of a mouse. It is on a par with the timorous gentleman who was chased under the bed by his irate wife wielding a broomstick. After a while he ventured to peek out. Said she, "Don't you dare peek," and he replied, "As long as I have the spirit of a man in me I will peek." [Laughter.]

Our whole governmental handling of this problem up to the present is enveloped in a fog of evasiveness and timidity. First of all, President Roosevelt sends a message to Congress on the subject couched in such terms of sweetness and light as to cause one to wonder if it could have come from the same iron-handed leader who used to send "must" legislation to the Congress.

Then appeared a bill which merely confirmed the right, already existing, of the Finnish Government to sell bonds to private American investors.

Next came a barrage of solemn oratory leveled against our doing anything for Finland because it might "involve us in the present war." And this in complete indifference to the fact that we are already involved in the present war up to our necks.

Our entire fiscal structure is involved in the prodigious war financing of England and France in this country, and by the possibility of their dumping some three billions of securities upon our already sick market.

Our foreign trade is involved by the expansion of allied exports to the rest of the world to pay their war bills.

Our warehouses, stuffed with unsold and unsaleable tobacco and cotton, are involved. Our idle ships and idle sailors are involved.

Our prodigious increase in cost of war preparation for defense is involved.

Our sale of millions' worth of war material to our friends the Japanese, to be used by them in killing our friends the Chinese, is involved.

Our loans and sales of material to our friends the Chinese, to be used in killing our friends the Japanese, is involved.

Our purchase of gold at this time from the Russians at a high profit to them is involved.

We are involved by the not highly creditable fact that Russia owes us hundreds of millions which she can use to destroy Finland, while Finland has paid all but a fraction of

her debt to us, which money we now hesitate to reloan to her except upon impossible terms.

And now, as the crowning absurdity, we have before our Banking and Currency Committee a bill to increase the capital of the Import Bank by \$100,000,000—with the implication that perhaps a small portion of this fund may be loaned to Finland, provided it is all spent here for non-military supplies, such as powder puffs and carpet slippers. [Applause and laughter.] And provided further that the Russians are not unduly annoyed by our generous and chivalrous action. The final destination of the balance of this fund to the Import Bank is still shrouded in mystery.

Finland is putting up the most heroic battle ever fought in modern times in defense of world freedom. She needs guns and ammunition and airplanes to protect her women and children and sick and wounded from slaughter by the Russians, and her fighting men from final destruction.

Knowing the membership of this House as I do, I dare to hope that here we shall end this tragic farce and proceed to enact legislation in the real interest of our Finnish brethren, and worthy of a great freedom-loving people who are not afraid to stand for right and discharge their duty as free men.

Through the long years I have held tenaciously to the conviction that next to His divine kingdom the United States of America has been God's best gift of opportunity to the common man. With the wonderful, generous, and spontaneous outpourings of private help by the American people to the stricken peoples of the world, I cannot believe that this House will permit our Government to assume an attitude of penurious timidity toward the immortal Finns. I want my country to embody in every official act the true genius of its citizenship and the glory of its heroic past.

I, for one, am ashamed of this straddling, evasive Import Bank bill. If we do not want, as a Government, to help Finland, let us say so and state why. If we do want to help Finland, let us do it in a straightforward manner worthy of a great and free nation.

The real America which we represent in this body and the position we desire our country to take before the world is best envisioned by John Milton in his immortal essay on the Freedom of the Press 300 years ago:

Methinks I see in my mind a noble and puissant nation rousing herself like a strong man after sleep and shaking her invincible locks; methinks I see her as an eagle mewing her mighty youth and kindling her undazzled eyes at the full midday beam, purging and unscaling her long-abused sight at the fountain itself of heavenly radiance, while the whole noise of timorous and flocking birds, with those also that love the twilight, flutter about amazed at what she means.

That is my idea of America, and I cannot conceive of such an America shilly-shallying and logic-chopping the way we are doing when Finland needs the money, and by every dictate of humanity ought to have it. [Applause.]

Mr. BLOOM. Mr. Chairman, will the gentleman yield?

Mr. EATON. I yield.

Mr. BLOOM. I was very pleased to listen to the gentleman's talk about Finland. I would just like to ask the gentleman has he any idea of introducing an amendment to the bill that passed the Senate with reference to Finland, with regard to how this \$20,000,000 should be loaned and the restrictions upon the \$20,000,000?

Mr. EATON. I was hoping that when it came before the House the chairman of our Foreign Affairs Committee would have the nerve to do that very thing. [Laughter and applause.]

Mr. BLOOM. Will the gentleman yield further?

Mr. EATON. Yes; I yield.

Mr. BLOOM. It just happens that the bill about which the gentleman is speaking is not before the Foreign Affairs Committee.

Mr. EATON. That is a misfortune.

Mr. BLOOM. I am serious about this, and I would like to have the gentleman be serious for a moment, and if he would like to answer the question I would be very pleased to have him do so. The bill is before the Committee on Banking and Currency. I understand the chairman of that

committee introduced yesterday a special resolution which is practically the same as the Senate bill that was reported here. Now, the gentleman made a very nice appeal and I would like to go along with the gentleman, but as long as it is his original idea and he spoke upon that today, will the gentleman promise to introduce such an amendment when the bill is before the House for consideration?

Mr. EATON. I would promise to do anything that would relieve the gentleman's mind. I would be glad to. [Laughter and applause.] I would think that such an amendment would have a better chance of passing if it came from the majority side of the House. That is where it should come from.

Mr. BLOOM. Would the gentleman yield further or would he prefer not to answer my question?

Mr. EATON. I have answered the gentleman's question.

Mr. BLOOM. I beg the gentleman's pardon. He has not. The gentleman has evaded the question. The gentleman has made a statement with reference to a loan to Finland. He has attacked the Government and has attacked this administration. I would like to know, if the gentleman is sincere—and I know that he is—whether he will offer an amendment to the bill embodying the suggestion that he made in his speech this afternoon?

Mr. EATON. I will answer that by asking the gentleman a question. Will the gentleman support such an amendment if I offer it?

Mr. BLOOM. Yes; I will support it, providing it does not infringe on our present Neutrality Act.

Mr. EATON. Good. Then I will do it, and the gentleman and I will get together to do something really worth while for Finland. [Applause.]

[Here the gavel fell.]

Mr. PLUMLEY. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. EATON. I yield.

Mr. CRAWFORD. I want to ask the gentleman a question along the same line as that which the chairman of the Foreign Affairs Committee just propounded. Here is a bill, as I understand it, which simply increases the capital stock of the Export-Import Bank from \$100,000,000 to \$200,000,000. It makes that addition to the present statute, and puts a proviso in there that the directors of the Export-Import Bank shall not make a new loan to any country or its nationals or its agencies in excess of \$20,000,000; and that if that loan is made, the money so loaned shall not be spent for arms, ammunition, and implements of war, if the President proclaims that Sweden, for instance, is a belligerent and brings it within the classification. I am wondering what kind of an amendment could be made to that bill which would be germane, which will accommodate the situation insofar as our desire to help Finland is concerned. I think that is something that might be given consideration in the meantime.

I want to ask the gentleman this question: As this bill is now presented to the Committee on Banking and Currency, does the gentleman understand that there is anything in it which prevents the Export-Import Bank from making a loan of \$20,000,000 to Finland, which adds to the \$10,000,000 they have already borrowed, and then let Finland use that \$20,000,000 any way it pleases, in the absence of the President's proclamation that Finland is a belligerent and that there is a state of war?

Mr. EATON. The bill itself, as I read it, provides that the money must be spent for nonwar materials.

Mr. CRAWFORD. I do not so understand the bill. As I understand the bill—

Mr. BLOOM. If the gentleman will yield, I will try to answer that question.

Mr. EATON. I yield.

Mr. BLOOM. The way I understand it, that \$20,000,000, or any amount of the money loaned to any government according to the rules of the Export-Import Bank, must be

expended in this country. All of the money must be spent here.

Mr. CRAWFORD. Yes.

Mr. BLOOM. And it cannot be spent for any war materials. That has nothing to do with any proclamation issued by the President, because there is no declaration today stating that war exists between Finland and Soviet Russia.

Mr. CRAWFORD. That is what I mean.

Mr. EATON. The language of the Senate bill reads:

That the Export-Import Bank of Washington shall not make any loans in violation of international law—

Although we have abandoned international law entirely—as interpreted by the Department of State, or for the purchase of any articles listed as arms, ammunition, or implements of war by the President of the United States in accordance with the Neutrality Act of 1939.

Mr. CRAWFORD. Do I understand, then, the gentleman to say that the President has listed as "arms, ammunition, and implements of war," to which list the Export-Import Bank must refer and stand upon in connection with the \$20,000,000 loan that it may or may not make to Finland? Has the die been cast? Can Finland use any part of this \$20,000,000 to buy arms, ammunition, and implements of war if the President does not further act?

Mr. EATON. Not under the terms of this bill. He has already acted.

Mr. CRAWFORD. He has already acted?

Mr. EATON. Yes. And the provisions of this Senate bill as drawn make action mandatory in accordance with the President's action.

Mr. BLOOM. If the gentleman will yield.

Mr. EATON. Certainly.

Mr. BLOOM. The President has acted by his proclamation. Under the provisions of this bill this money can only be expended for such merchandise as is not excluded under the 1939 Neutrality Act; and under the rules of the Export-Import Bank it must be spent in this country. To my way of thinking we cannot specifically mention Finland in this legislation.

Mr. CRAWFORD. If I may reply to the gentleman from New York—

Mr. EATON. Yes.

[Here the gavel fell.]

Mr. EATON. Mr. Chairman, cannot the gentleman from Vermont yield these gentlemen some more time?

Mr. PLUMLEY. I regret that I cannot. I have too many requests for time.

Mr. CASEY of Massachusetts. Mr. Chairman, I yield the gentleman 2 additional minutes.

Mr. ANDERSON of Missouri. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. ANDERSON of Missouri. Mr. Chairman, I make the point of order that this discussion, not being germane to the pending bill, is out of order.

The CHAIRMAN (Mr. BLAND). This is general debate on an appropriation bill. The point of order is overruled.

Mr. CASE of South Dakota. Mr. Chairman, will the gentleman yield?

Mr. EATON. I yield.

Mr. CASE of South Dakota. I was very much interested in the observation made by the distinguished chairman of the House Committee on Foreign Affairs, with reference to the provision in this resolution that passed the Senate placing a limitation upon the expenditure of this money; but can the gentleman from New York, the gentleman from New Jersey, or anyone else, point to anything in the law today that prevents the Export-Import Bank from making these loans without any restriction as to the character of purchases to be made with the money now available?

Mr. GIFFORD. Mr. Chairman, will the gentleman yield to me for a suggestion?

Mr. EATON. I yield.

Mr. GIFFORD. After having made purchases in this country they could barter those goods with Italy, for instance, and Italy could ship them the military equipment.

Mr. BLOOM. Certainly, that can be done.

Mr. GIFFORD. That is an indirect way, to be sure, of enabling them to get what they need in the way of military supplies.

Mr. EATON. It is indirect, and it is an utterly unworthy way for this Nation to behave.

Mr. GIFFORD. The gentleman is right.

Mr. EATON. It is not the way in which a great nation should act.

Mr. BLOOM. I agree with the gentleman.

Mr. REED of New York. Mr. Chairman, will the gentleman yield?

Mr. EATON. I yield.

Mr. REED of New York. I may say to the gentleman from New Jersey that while these gentlemen are drawing fine distinctions in respect of the loan to Finland, as a matter of fact we are furnishing the bombing planes that are being used so ruthlessly today behind the lines to kill civilians and that are disemboweling women and children—450 planes. What is the use of fiddling around with all this hypocrisy?

Mr. EATON. Yes; that is my contention.

Mr. VOORHIS of California. Mr. Chairman, will the gentleman yield?

Mr. EATON. I yield.

Mr. VOORHIS of California. I agree with what the gentleman from New York says. Not only are we furnishing the planes, but also the high-test gasoline to run them.

Mr. REED of New York. Let us not be deceived; let us open our eyes to the facts. I have them here. The gentleman from New Jersey has made a wonderful speech. We need more speeches of the same character to shed the light of day on what is happening. [Applause.]

[Here the gavel fell.]

Mr. CASEY of Massachusetts. Mr. Chairman, I yield 15 minutes to the gentleman from Indiana [Mr. LUDLOW].

THE ECONOMY TONIC AND ITS EFFECT ON THE COUNTRY

Mr. LUDLOW. Mr. Chairman, the best tonic America has had in 10 years of depression is the economy tonic that is now being administered by the Congress in its action on the appropriation measures that are being brought forward at the present session. The heavy cuts in appropriations are like the elixir of life to business and industry. Business is being invigorated and rejuvenated by the news that is coming these days out of Washington. The businessman is awakening to the pleasing realization that after all he is not "the forgotten man" and that there are those in Washington who really care for him. Industry is taking hope and encouragement from the signs that the era of excessive spending, which has thrown the Budget wildly out of balance, is drawing to an end.

As evidences multiply that the economy wave which has struck Congress is not a mere evanescent dream, but a real start toward a balanced Budget, businessmen and manufacturers are getting a grip on themselves and are allowing their newly found faith in the future to furnish inspiration for recuperative action which, if given continued encouragement at this Capital, will open the way for a real recovery in this country.

Mr. ZIMMERMAN. Mr. Chairman, will the gentleman yield?

Mr. LUDLOW. I yield.

Mr. ZIMMERMAN. Speaking of retrenchment in expenditures—and I take it that the gentleman is in favor of the program of retrenchment?

Mr. LUDLOW. I certainly am.

Mr. ZIMMERMAN. I wonder if my distinguished colleague from Indiana is in favor of reducing expenditures in all other branches as the Appropriations Committee did for the farmers by cutting their expenditures about 52 percent? Is the gentleman willing to treat all other departments as the farmers were treated?

Mr. LUDLOW. I may say to the gentleman that I am willing to cut just as deeply in all departments as can be done without injuring vital operations of the Government. I think we ought to cut a lot of these bills.

Mr. ZIMMERMAN. Will the gentleman say that a reduction of 52 percent did not injure agriculture and the 23,000,000 people dependent upon agriculture for a living?

Mr. LUDLOW. The farmer has to depend on people in the city to buy his produce, and those people in the city living on meager hand-outs from township authorities have no money with which to create a market. Therefore I say that a policy of retrenchment, which is absolutely necessary to give employment and buying power to the city millions, who comprise the vast majority of our population, is in the long run conducive to the prosperity of our farmers. In fact, I think it is essential to the prosperity of those who till the soil as well as those who work in the factories. I think a program of reasonable and sensible reduction is just as much in the farmers' favor as in favor of the other people.

Mr. ZIMMERMAN. I agree with the gentleman, but does he think the farmer ought to be cut 52 percent when no other department in the Government approaches that kind of a cut?

Mr. LUDLOW. I think we might take into consideration whether the appropriations for the farmers last year, and in recent years, have not been extra liberal, and whether or not he is being unduly penalized. I do not know whether the gentleman is correct in his percentage or not. I think his percentage is too high, especially since a large part of the cut in the agricultural estimates that was made in committee has been restored by the House.

Mr. ZIMMERMAN. The farmer has never received more than 75 percent of parity with industry and labor.

Mr. RICH. Will the gentleman yield?

Mr. LUDLOW. I yield to the gentleman from Pennsylvania.

Mr. RICH. The gentleman realizes we have increased the agricultural appropriations in the last 10 years over 1,200 percent?

Mr. LUDLOW. The gentleman from Pennsylvania has stated more succinctly and clearly what was in my mind than I was able to say it myself. If the gentleman from Missouri will look at the agricultural appropriation bills during the last 10 years he will be satisfied that the farmer has been rather generously dealt with.

Mr. ZIMMERMAN. If we believe what we preach, that agriculture ought to be placed on a parity with labor and industry, surely the gentleman from Pennsylvania will not argue that agriculture ought to be content with 75 percent of what industry, the business in which the gentleman is engaged, and labor are receiving.

Mr. RICH. May I say to the gentleman that I have never received one penny out of the Government—I hope I have not—directly or indirectly, as a manufacturer. But when the Department of Agriculture has received an increase of 1,200 percent in 10 years, that is a great increase. The only thing that some Members of this Congress can see is what they are directly interested in. They do not look at the picture as a whole, as the gentleman from Indiana, who is trying to do an honest-to-goodness job here in the Congress. There is not a man doing any more than the gentleman from Indiana [Mr. LUDLOW] in that respect, and I admire him for his attitude. When Members can see but one particular thing that is going to get them votes, then they are not as big as the gentleman from Indiana, who looks at the thing broadly and from all angles. [Applause.]

Mr. O'NEAL. Will the gentleman yield?

Mr. LUDLOW. I yield to the gentleman from Kentucky, who is one of the most valuable members of the Appropriations Committee and one of the ablest Representatives who ever served in this Congress.

Mr. O'NEAL. The gentleman from Missouri asked the gentleman from Indiana whether he would be as ardent for

economy along other lines. As a member of the Appropriations Committee and serving on the subcommittee of which the chairman is the gentleman from Indiana [Mr. LUDLOW], may I say that there has not been a man in the House who has been more unselfish, more intelligent, and more ardent with reference to appropriations and I feel there is not an appropriation that comes before this House that ought to be cut or that comes within the purview of his own subcommittee, on which the gentleman from Indiana would not use the pruning knife vigorously if it should be used. [Applause.]

Mr. LUDLOW. I want to thank my friend the gentleman from Kentucky from the bottom of my heart for his generous reference to me. As he has truthfully said, I believe that a general application of the pruning knife to all activities is essential to the national welfare.

Mr. ENGEL. Will the gentleman yield?

Mr. LUDLOW. I yield to the gentleman from Michigan.

Mr. ENGEL. May I say that I agree with all that the gentleman from Kentucky has said.

Mr. MASSINGALE. Will the gentleman yield?

Mr. LUDLOW. I yield to the gentleman from Oklahoma.

Mr. MASSINGALE. I want to join in these expressions of admiration for the distinguished doctor, and I am very sincere about that; but I am wondering if it is the gentleman's philosophy, and if he wishes to be understood as taking the position, that because the farmer has been discriminated against by a high-protective tariff that industry, such as the gentleman from Pennsylvania [Mr. RICH] represents, has been the beneficiary of, agriculture ought to be content with that for the balance of the history of this country?

Mr. LUDLOW. May I say to the gentleman, I do not want to be led into a tariff discussion. I was born on a farm in a log cabin, and I do not say that for political purposes. I know from experience the hardships of pioneer life and if I had time I would like to pay a loving tribute to the farmers, because I am bone of their bone and flesh of their flesh. My sympathies are wholeheartedly, sincerely, with the farm people of this country, but I believe that in order to have recovery in this country that will amount to anything we have to vitalize the whole structure, not one part of it. If you examine the appropriations for the farmers, you will find they have not been discriminated against. They have been most generously dealt with by this Congress.

Mr. MASSINGALE. For 150 years they have been dealt with generously, in the opinion of the gentleman from Indiana?

Mr. LUDLOW. I am not covering quite as much territory as the gentleman from Oklahoma.

Mr. MASSINGALE. I want to cover all of it.

Mr. LUDLOW. At least ever since the administration of Franklin D. Roosevelt came into power, certainly the farmers have been most generously dealt with and I do not see how anyone could contend to the contrary.

Mr. MASSINGALE. I agree with the gentleman on the fact that with the coming of the Roosevelt administration there have been some favors extended the farmers that have heretofore been denied them; but industry has been more generously dealt with in the history of this Government than the farmers, even with what has been given them during the Roosevelt administration.

Mr. LUDLOW. When I think of the farmers' plight, I may say to the gentleman, I am thinking also of thousands and thousands of poor people in my city and in other cities throughout the country who are sitting in their homes without a fire and without anything to eat. Certainly as compared with the farmers, the farmer has the better end of the situation because he has the means of livelihood. In reply to the gentleman from Missouri [Mr. ZIMMERMAN] and the gentleman from Oklahoma [Mr. MASSINGALE], let me cite the Federal cash expenditures for agriculture since 1933. Those figures prove my point that the farmer has not been discriminated against. They are as follows:

1933	\$79,500,000
1934	407,300,000
1935	945,800,000
1936	833,900,000
1937	919,300,000
1938	703,400,000
1939	1,213,400,000
1940 (estimated)	1,487,600,000
1941 (estimated)	1,002,000,000

These figures do not include any appropriations for roads, although the Bureau of Roads is under the Department of Agriculture. There is the picture. Does it indicate that the farmer has been neglected? When the expenditures out of the Federal Treasury for our farmers increase from \$79,000,000 to over a billion dollars a year, can it be said that the farmer has been discriminated against? I have voted to help the farmer and I shall always do so. My heart bleeds for the poor and unfortunate farmer but I believe his situation is not quite as bad as the man in the city who has no job, no food in the house for himself and his family, and no fuel to keep them warm. As a rule, the farmer does not have these awful extreme conditions of suffering to face that exist in many cities of this country. God willing, I hope this Congress can do something for both the farmer and the city dweller, to lift both of them out of the fog of depression and suffering.

Mr. MASSINGALE. Does not the gentleman realize that according to the statisticians of the country the farmer is on the lowest rung of the economic ladder in the United States?

Mr. LUDLOW. Can the farmer be any lower than these multiplied thousands who just have no income at all?

Mr. MASSINGALE. If the gentleman will look at the statistics he will agree with me.

Mr. LUDLOW. Those people in the city have nothing to warm themselves with and nothing to eat. Is the farmer in a worse fix than they?

Mr. MASSINGALE. He is in a worse fix than they are, according to the statisticians and economists of the country.

Mr. LUDLOW. I do not care what the statisticians say, I say he is not in a worse fix, and not in nearly as bad a fix. I would like to do something to help both of them. I have studied the question a lot and I believe a policy of national economy will help both.

Mr. H. CARL ANDERSEN. Mr. Chairman, will the gentleman yield?

Mr. LUDLOW. I yield.

Mr. H. CARL ANDERSEN. Does the gentleman believe that it is for the good of this Nation for the farmer to produce food for the rest of the Nation at a loss?

Mr. LUDLOW. I do not think so.

Mr. H. CARL ANDERSEN. Does not the gentleman believe that the farmer has been the goat in the entire relief picture in that he has been feeding at a loss the major portion of the population of the United States of America for the past 9 years? Is not the farmer at least entitled to a living price on his commodities consumed in this country? Can our great Nation prosper as long as the one basic industry, agriculture, does not have parity with industry?

Mr. LUDLOW. I will say to my friend that has all been thrashed out in answer to the gentleman from Oklahoma.

Mr. H. CARL ANDERSEN. I agree with everything the gentleman from Oklahoma [Mr. MASSINGALE] has said. He is one of the real friends of agriculture in this House today.

Mr. LUDLOW. I think the farmer has been relatively generously dealt with.

Mr. MARCANTONIO. Mr. Chairman, will the gentleman yield?

Mr. LUDLOW. I yield to the gentleman from New York.

Mr. MARCANTONIO. Does the gentleman from Minnesota believe he will help the farmer by arraying the farmer against the worker in the city? Does he not believe it is better to aid both, and that the economic condition of one is dependent on the other?

Mr. LUDLOW. The gentleman from New York is absolutely right. We are all interdependent. We have to go up

together or we go down together. No class of the people should be singled out for preferential treatment.

Business is champing the bit, eager to go ahead, and it will go ahead if Congress will continue along the economy course it has so well begun. I predict that Congress will so continue and that a few years from now we will be wondering where our sanity was when we appropriated in a single session of a peacetime Congress, the first session of the Seventy-sixth Congress, \$497,742,081.54 more than the combined appropriations of all of the Congresses during the 20 years from 1890 to 1910, and we will look back with amazement on the fact that there was appropriated during that single session of a single Congress three times the amount that was appropriated from 1862 to 1866 to defray all of the expenses of the great Civil War.

Definitely a new philosophy is taking hold in Washington—a philosophy based on reason, a philosophy that will bring the country up on its feet, if along with it we will establish and faithfully maintain a policy of noninterference by Government in the legitimate affairs of business. To show how well we have started on an economy course it is only necessary to point out that every appropriation bill that has been brought in since the present session began on January 3 has been deeply cut below the Budget estimates. The bills that have been brought in and the cuts under budgetary estimates are as follows:

Emergency supplemental bill, \$20,000,000.
Urgent deficiencies bill, \$3,000,000.
Independent offices bill, \$94,500,000.
Treasury and Post Office Departments bill, \$11,500,000.
Agricultural appropriations bill, \$154,500,000.
State, Justice, and Commerce appropriations bill, \$2,500,000.
Navy appropriations bill, \$111,700,000.

The total cut on all of these bills below the Budget as the bills were reported from the Appropriations Committee was \$397,700,000. With eight regular supply bills and at least one deficiency to come, it seems perfectly reasonable to assume that it will be unnecessary to levy any new taxes, for, after making due allowance for the fact that some of the committee cuts will be restored in the House and Senate, there is still a heavy margin of probability that after all is said and done the total savings below the Budget will be in excess of \$460,000,000—the amount the President estimated would have to be raised in new taxes if the Budget estimates were maintained unimpaired. Certainly no less than that may be expected of a Congress as economy-minded as the present one has turned out to be.

The important thing, however, is not the amount saved, but the fact that there has been a turn in the road from spending to economy. The thing that counts is that runaway spending apparently is over. That is tonic for business, tonic for industry, healthful, vitalizing tonic for the whole country. It is tonic for the farmer as well as the city man, for the farmer has no market for his products if the city folks cannot get employment and have no income except the starvation wages of relief labor and the miserable hand-outs of township trustees.

In this connection I want to commend the gentleman from Missouri, Hon. CLARENCE CANNON, chairman of the Agricultural Appropriations Subcommittee, for his vision and fine courage in bringing in the agricultural bill cut \$154,500,000 below the Budget. The gentleman from Missouri [Mr. CANNON] is a practical farmer who loves the soil. The farmers of America might search the country over with a fine-tooth comb and they would never find a better friend than the gentleman from Missouri [Mr. CANNON]. Yet he had the strength and rectitude to stand up on this floor and battle for an economy which, while it would affect the farmer, would benefit the whole Nation, including the farmer, in the long run, and he did this because economy has become the symbol of national recovery. He has rendered his country a service of inestimable value.

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Likewise, and in no less a measure, would I bestow my meed of praise on the gentleman from Nevada, Governor SCRUGHAM, and his associates on the Naval Appropriations Subcommittee, who have brought in here the naval bill cut \$111,700,000 below the Budget estimates. I plead with Members of the House to sustain these cuts and to hold up the arms of the gentleman from Nevada, Governor SCRUGHAM, for he has done an excellent piece of work. It is not an easy nor a pleasant thing to deny appropriations to zealous individuals and to pressure groups, but there are times when it is the right thing to do; and when a fine public servant like the gentleman from Nevada, Governor SCRUGHAM, stands up and unflinchingly does his duty, he is entitled to our support. The cuts which he and his subcommittee have made in the estimates, while deep, will not in any way jeopardize or impair our national defense, and the elimination of naval items that are not vital will spare some of our national resources for the distressed, the hungry, and naked, who should be the objects of our tender solicitude.

While I believe with all my heart in preparedness, and vote at all times for adequate national defense, I have not forgotten that we should also give some attention to the great human values and that, I am sure, is the belief of the gentleman from Nevada, Governor SCRUGHAM, and his associates. During the extreme subzero weather we have been having at Indianapolis, a constituent of mine wrote to me recently that he and his family were sitting in their little shack without fire. It would be hard to convince that man and his loved ones that we should spend \$100,000,000 apiece for new battle-ships when people are starving and freezing, as they are now in many sections of this country. A well-fed, well-clothed, contented citizenry is a better defense preparation than unnecessary engines of war. If we can curb the international meddlers and hold this Nation true to the philosophy of Washington and Jefferson we are not going to have war, now or ever, but if we allow disease and poverty and all kinds of maladjustments to go unchecked we may have trouble at home, for there comes a point beyond which suffering cannot be endured and agony must find vent. The naval appropriations bill now before the House is a moderate bill, a sensible bill, a bill worthy of all confidence. It takes care of our national defense, but at the same time it recognizes that we have a problem at home—a great human problem—with hungry mouths to feed and naked bodies to clothe. By the very terms of its moderation it is a fit companion piece of the other appropriation measures that have gone before it at this session. It emphasizes once more that Congress is on the right track—the economy track—which if we have faith to adhere to it, will lead America out of the blackest night of depression in all of its history. [Applause.]

Mr. PLUMLEY. Mr. Chairman, I yield 20 minutes to the gentleman from Wisconsin [Mr. KEEFE].

Mr. KEEFE. Mr. Chairman, I have asked for this time in order that I may make some comment that will perhaps assist in keeping the record straight.

On February 7, 1940, there appeared in the Washington Post an article headed, "Mrs. Roosevelt Defends Communist Rights in Group." This article, by International News Service, stated in part—

A White House debate in which Mrs. Franklin D. Roosevelt defended inclusion of Communists in the American Youth Congress was divulged yesterday on Capitol Hill.

The First Lady told her guests at a White House conference Monday night that the youth organization was fighting for great principles in which Communists could share.

A score of liberal Members of Congress took the opposite view. Mrs. Roosevelt called the conference in an effort to establish friendly relations between the Youth Congress and New Deal Congressmen.

Miss Frances Williams, administrative chairman of the youth organization, launched the debate when she said, "representatives of 15,000 Communists are with us." She added that one known Communist is now serving on the legislative board of the Youth Congress. She defended their inclusion in the organization as justified by the Bill of Rights—declaring their exclusion would be a violation of the Constitution's guarantee of freedom of speech.

The article continued and quoted the remarks of two United States Senators and one Representative from this body who

were in opposition to the position announced by Mrs. Roosevelt.

On that same day I called the attention of this House to that newspaper article and this conference, and I stated, as appears on page 1183 of the *RECORD* under date of February 7, quoting this article as I have quoted it today:

There is the picture. These people came down here from New York after attending a meeting such as I have described and are invited to attend a meeting at the White House where the rights of these young Communists are applauded as being part and parcel, and rightfully part and parcel, of the American Youth Congress.

On the next day, February 8, the gentleman from Oregon [Mr. PIERCE] arose, and his remarks are found on page 1233 of the *RECORD*. He said this:

Mr. Speaker, I was amazed, chagrined, and embarrassed yesterday to find myself sitting as a Member of this body during criticism of the wife of the President. This attack was based upon a news story appearing in the morning paper. I could scarcely refrain from making an immediate reply, but it appeared to me that I might better serve the cause of good government and tolerance by refraining from comment until I could read the remarks of my colleague from Wisconsin. I sincerely hoped that when I saw his words in print they would seem less critical, and I am now pleased to find that it might have been the manner rather than the matter which so distressed me.

Then follows a long speech by my very dear friend from Oregon in which the implication is made that I am opposed to youth in this country and that in speaking as I did and in calling the attention of the Congress and the Nation to this meeting at the White House I was serving the cause of some organization or other that is opposed to youth.

Now, I want to say to my dear friend from Oregon that I am the father of three children and have raised two nephews and I have two grandchildren and am exceedingly interested in youth and he well knows it, and I do not want any inference to go out as a result of that long, prepared speech that the gentleman from Oregon, Governor PIERCE, inserted in the *RECORD* that would cast any implication upon me as being opposed in any sense to youth. As a matter of fact, had the gentleman from Oregon, Governor PIERCE, taken the time to read the *RECORD*, he would have discovered that I openly declared that I was in favor of the N. Y. A. as it is administered in my State of Wisconsin, and when I said that I meant it, and I said a great deal, judging from the criticism that has been directed at that organization in the last few days. Now, I am wondering, and I am speaking to the gentleman from Oregon [Mr. PIERCE], who is seated in front of me, was the gentleman chagrined when he read in the paper that the President was hissed on the White House grounds by this group that call themselves the American Youth Congress? I know that the gentleman must have been chagrined and mortified and embarrassed.

Mr. MARCANTONIO. Mr. Chairman, will the gentleman yield?

Mr. KEEFE. I refuse to yield at this time.

Was the gentleman chagrined when, here on the floor of the House and in this Chamber, representatives of this organization seated in the gallery hissed Members of this Congress?

Was the gentleman chagrined when he read the reports in the newspapers of the conduct of this organization when they threw out and ejected bodily two representative American youths who attended a meeting at the Labor Department Auditorium, and when they attempted to introduce resolutions condemning the aggression of Soviet Russia they were ejected and thrown out and told that this organization would have no part in passing any such resolutions at this meeting in Washington?

I know, knowing the gentleman from Oregon, Governor PIERCE, as I know him, and knowing his interest in the welfare of this land, that deep in his heart he must now be sorely chagrined and mortified in view of what has happened and transpired at this American Youth Congress, so-called, which met here last week, and I am happy to know that the gentleman from Oregon, Governor PIERCE, after carefully reading the remarks which I made, finally came to the conclusion that there was not anything in those remarks which cast aspersions upon the First Lady of the Land, but, perhaps, it was because

of the inflection of my voice or the way I parted my hair or the way I appeared which caused him to conclude that there was something in the remarks which a careful reading on the gentleman's part could not disclose. Am I right in that, sir?

Mr. PIERCE. Mr. Chairman, will the gentleman yield?

Mr. KEEFE. Yes; I yield.

Mr. PIERCE. The gentleman from Wisconsin is one of the most forceful speakers upon this floor. I have complimented him on his appearance at other times, and he does have a very forceful manner. If I were guilty, I would hate to have him as the prosecuting attorney following me up. I prefer to read his remarks in the cool quiet of my office, and if they need a reply I will come back on the floor when I get some time.

Mr. KEEFE. I am very happy to know that the gentleman from Oregon, Governor PIERCE, having read the remarks, that caused the gentleman so much chagrin and embarrassment, in the quiet and solitude of his office, found that there was nothing in my remarks that caused that embarrassment but that, perhaps it was the manner in which I stated it.

Mr. PIERCE. Mr. Chairman, will the gentleman yield further?

Mr. KEEFE. I would prefer not to yield at this time. I have quite a little more I want to say, and then I shall be too happy to yield if I have the time.

Now, at a later date, Members of the Congress, and following this speech by the gentleman from Oregon, Governor PIERCE, to which I have referred—in fact, it appears on page 1437 of the proceedings under date of February 13—I put into the *RECORD* a little bit of a compilation, you will recall, as to the people who were invited to the White House. Now, in doing this I acted upon very definite proof which appeared in the public press, and which listed 27 Representatives and a certain number of Senators. I analyzed the names of these people and no one has challenged to this date the accuracy of that analysis except in one thing. I do not know whether to apologize or not, but I want the *RECORD* to be made straight, and I do this out of deference to my very good friend the gentleman from West Virginia, Mr. GEORGE JOHNSON, whom I sit with on a subcommittee of the Appropriations Committee and as to whom I know there is no better American sitting in this House. [Applause.] In that statement, through error, due to the fact there are a large number of JOHNSONS in the House, the name of the gentleman from West Virginia, Mr. GEORGE JOHNSON, was mentioned as having been invited to this White House conference. Now, I do not take it as any insult to the gentleman from West Virginia to have been invited to the White House, but because there may be some implications involved in what transpired later, I want to say to this House and to the gentleman from West Virginia that the gentleman was not invited, and I had not intended to say that he was. The gentleman who was invited was the gentleman from Oklahoma, Mr. JED JOHNSON, and not the gentleman from West Virginia, and to that extent I want to correct the *RECORD*; and if any apologies are necessary to my friend the gentleman from West Virginia I very, very cheerfully and gratefully tender them to him at this time.

Now, having put that in the *RECORD*, my dear friend the gentleman from New York [Mr. MARCANTONIO] appeared on the floor.

I waited around here until very nearly 6 o'clock, because the gentleman told me he was going to speak, but I had a speaking engagement that night and I was 2 hours late in filling it, even after flying, so I was unable to be here when the gentleman made his statement, but the gentleman did say in his statement under date of February 9, page 1345, of the *RECORD*, that I was a Sherlock Holmes, or acting as a Sherlock Holmes playing detective, and that my statement was based upon a distortion of facts and a distortion of the truth. So far as I am concerned, let us see what the distortion of fact was. The gentleman later on in his speech said that I had charged in a previous speech that there was discussed at this White House conference the question of the infiltration of Communists into the American Youth Congress, and the gentleman rises in great dignity to say that that was a distortion of the truth because that was not the discussion, that the

discussion was, Now that the Communists are in this congress, shall we kick them out? [Laughter.]

To me, Mr. Chairman, that is what the President would call tweedledum and tweedledee. If that was the discussion, and I am advised by a number of Representatives who were there that the discussion was quite general on the subject, being as how the gentleman from New York [Mr. MARCANTONIO] was there in close attendance, and greatly interested in what took place, I shall accept his version as to what did take place, and admit, as it now appears, that the question under discussion was, Shall these Communists now in, and admittedly in, be kicked out? On that question the gentleman from New York took the negative. I call attention to the fact that perhaps there may be some inconsistency in that respect, because this Civil Liberties Union, which the gentleman from New York served as counsel, just recently, so it is reported in the press, kicked out all of the Communists from that organization. This Civil Liberties Union, acting as the very guardian of the rights of civil liberty, the organization in this country that the gentleman served as counsel, which is designed to protect the rights of civil liberties, passed resolutions kicking the Communists out of it, and that fact was plastered all over the press of this country and has not been denied by anyone. Mr. Chairman, the gentleman went further than that. He said that I was in error because I said that he alone took the opposite view.

He said that he was not alone, that some others spoke in the same vein that he did, and he added:

I won't tell who they were, or mention any names, but they are here.

As if by prearrangement, the gentleman from Pennsylvania [Mr. DUNN] bobbed up on his feet and said:

Will the gentleman yield?

The gentleman from New York yielded and the gentleman from Pennsylvania [Mr. DUNN] declared:

I was one of those men who were present, and I made a statement on the floor this afternoon, and I am going to continue to make that statement the balance of my life.

Of course, that is the privilege of every Member of Congress and every American citizen. The gentleman from California [Mr. GEYER] likewise said that he spoke and took the position that the gentleman from New York [Mr. MARCANTONIO] took. I accept that. I am glad to correct the RECORD. I am glad to know that the position of the gentleman from New York [Mr. MARCANTONIO] was approved by the gentleman from Pennsylvania [Mr. DUNN] and the gentleman from California [Mr. GEYER], and I also understand from private conversation with my friend from New York [Mr. MARCANTONIO] that a Senator likewise sustained his position. So that the RECORD may be clear, and there may be no question about it, I accept the position of the gentleman from New York on that question.

Mr. Chairman, the gentleman refers to the Bill of Rights. In his speech by inference he makes it appear that I am one of those who oppose the application of the Bill of Rights. Had the gentleman taken time to read the address which I delivered and which appears in the RECORD under date of January 23, page 588, he would see my position very clearly and definitely exemplified, and I restate it now, because I think it is the opinion and position of a great majority of the people of this country. I think it is high time, in view of the situation that exists in the world today, that this question of the Bill of Rights should be somewhat reappraised. There was not the international situation and there was not in existence a situation such as exists in Russia today at the time the Bill of Rights was written. We now have it admitted from the record of testimony of Mr. Browder and Mr. Foster before the Dies committee that no man or woman can be a Communist in good standing in this country unless he takes his orders from Moscow, and owes his allegiance not to the United States but to the hosts of Stalin and the ideology of Stalin.

I say to you, and I want my position known definitely, that I draw a line of distinction between those great liberals like the gentleman from New York [Mr. MARCANTONIO], who is an

American, who believes in the American system and the preservation of our democracy, and who, when the time comes, will stand on the side of loyalty to this Government; I draw a line of distinction between men like him and those who have sworn loyalty openly and willfully to the Communist Government of Russia, and who in hearings before a Senate committee have openly stated that they would refuse to bear arms against the Soviet in the event of trouble between this Nation and the Soviet. As to those latter ones, I think the time is here and now when that type of people who have only one hope in view and that is to overthrow and destroy this Government by force and violence, should no longer be permitted to hide behind the cloak of the Bill of Rights to enable them to carry out their nefarious practice; and to that extent the gentleman from New York and I disagree.

The CHAIRMAN. The time of the gentleman has expired. Mr. PLUMLEY. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. KEEFE. I want to place in the RECORD at this point, and I shall offer it as a part of my remarks, two resolutions that were offered, one by Archibald Roosevelt, Jr., and the others by Messrs. Plavnu and McArthur, which caused their expulsion from this so-called Youth Congress. I want the Members of Congress and the public throughout the Nation to know what those resolutions were. I hope you will read them; and if any real American, with the blood of an American coursing in his veins, could stand up and see those three men kicked out on their faces, taken into custody, and thrown into detention by the police for offering these resolutions, then your idea of Americanism and mine is entirely different. The resolutions are as follows:

Resolution condemning rape of Finland by Soviet Russia, to be introduced at the American Youth Congress meeting in Washington, February 9-12

(By Archibald Roosevelt, Jr.)

Whereas one of the reasons given for the charge that the American Youth Congress is a front for the Communist Party is that its program has consistently followed the varying party line of the Communist Internationale and the foreign policy of Moscow; and

Whereas the American Youth Congress has gone on record "for the support of the peace proposals of the Soviet Union"; and

Whereas during the time it was Soviet policy to denounce aggression, the American Youth Congress vociferously condemned aggression in Ethiopia, Czechoslovakia, Austria, China, and Spain, since the Communist Party defends the Soviet attack on Finland, the American Youth Congress has failed to find "a moral issue involved" in the Finnish invasion; and

Whereas in agreement with the Moscow policy on Loyalist Spain, the American Youth Congress urged cooperation with the United Youth Committee to Aid Spanish Democracy (Loyalist) "to the end that our united forces may give the maximum amount of assistance to the people of Spain"; and

Whereas a resolution was passed to raise \$250,000 by means of bazaars, parties, and collections for relief in China, the plight of bombed civilians in Finland's subzero winter has aroused no corresponding sympathy in the American Youth Congress; and

Whereas when the Soviet Government demanded the quarantine of aggressors in 1937, the American Youth Congress urged President Roosevelt and Secretary Hull to declare Italy and Germany at war with Spain and embargoed, and resolved that "whenever any nation uses its armed land, naval, or air forces with or without a declaration of war to invade the territory or attack the vessels or blockade the ports of another nation, the President shall proclaim that nation to be an aggressor," when President Roosevelt intimated that the Soviet Union was guilty of aggression in Finland, the American Youth Congress denounced him as a war monger;

Whereas when the Communist Party and the Soviet Union were in favor of collective security, the American Youth Congress, through the World Youth Congress, passed a resolution demanding that the League of Nations recognize aggression and deal with the aggressors accordingly, now that the League has recognized the invasion of Finland and branded the Soviet Union an aggressor, the Youth Congress sneers at the "discovery of a moral issue in Finland";

Whereas in line with the Communist Party policy, the American Youth Congress, through the World Youth Congress, called for "an internationally guaranteed loan to China to enable her to buy the arms necessary for her defense and to repair the ravages of war," the New York American Youth Congress bitterly attacks any proposed loans to Finland as an attempt to force America into "the imperialist war";

Whereas in the case of Czechoslovakia, coming before the Hitler-Stalin alliance, France and Britain were urged by the American Youth Congress to stand together against Hitler, they are denounced as imperialistic because they have finally done so in the cases of Poland and Finland—the sole difference being that the Soviet Union has now become Hitler's partner:

Resolved, That the American Youth Congress throw off the suspicions surrounding its policies and for all time clear itself of the charge of Communist domination by immediately:

1. Issue a ringing denunciation of the bloody attempt by Communist Russia to smash the Finnish democracy and to enslave its people under a sinister puppet government set up by Stalin and headed by Otto Kuusinen, official of the Comintern and stooge of the Russian dictator.

2. Calling for support of the heroic Finnish people in the gallant defense of their native land against the brutal Communist invaders.

Resolution demanding that the American Youth Congress condemn communism, nazi-ism, and fascism equally as enemies of American democracy, and expel their sympathizers and fellow travelers, to be introduced at the American Youth Congress meeting in Washington, February 9-12

(Playner and McArthur)

Whereas the American Youth Congress has been accused of serving as a Trojan horse for the Communist Party and the Moscow Red Internationale; and

Whereas Earl Browder has listed the American Youth Congress as one of the transmission belts of the Communist Party; and

Whereas Earl Browder, now convicted of defrauding the United States Government, has at various times boasted of the close relationship between the American Youth Congress and the Communist Party, as, when writing in the Peoples' Front, he said, "The Young Communist League, with the assistance of the party, has from the beginning played an important part in building the youth-congress movement and formulating its program and activities"; and

Whereas he has in turn been enthusiastically acclaimed by various national conventions of the American Youth Congress; and

Whereas Gil Green, president of the Young Communist League and secretary of its Moscow Internationale, accompanied Browder to Moscow, where they reported to the Kremlin bosses their success in capturing control of the American Youth Congress; and

Whereas Gil Green's cosecretary of the Moscow Red Youth Internationale, Raymond Guyot, recently expelled from the French Parliament and condemned as a traitor, participated prominently in the World Youth Congress held at Vassar in 1938 under the sponsorship of the American Youth Congress; and

Whereas Georgi Dimitroff, secretary of the Communist Internationale, praised the United States Young Communist League for their good work in using the American Youth Congress to bore from within; and

Whereas Otto Kuusinen, now head of the Soviet puppet government set up in Finland by Stalin, praised the American Youth Congress and the Young Communist League, and outlined plans for the American Communists in their efforts to make use of the American Youth Congress for the spreading of Stalin's program among American youth; and

Whereas Gil Green and his associates continue to be part of the American Youth Congress, thereby enabling them to masquerade under false colors; and

Whereas the recognized national youth bodies, such as the Boy Scouts, Boys' Clubs of America, the Catholic Youth, refuse to participate in the American Youth Congress because of its reputed communistic influence; and

Whereas the American Legion at its last national convention condemned the American Youth Congress as a Communist-controlled organization; and

Whereas the American Youth Congress continues to serve as a front for the Young Communist League and its various Trojan-horse groups who make use of the name American Youth Congress to conceal their true identity; and

Whereas the pact between Stalin and Hitler, the rape of Poland, and the invasion of Finland destroy any illusions as to a distinction between communism, nazi-ism, and fascism; and

Whereas the American Youth Congress' action last summer in refusing to come out with an outright condemnation of communism, but nevertheless passing resolutions condemning the Nazi bund and Father Coughlin, and failing to include the Communist Party and Earl Browder, provides sufficient evidence to suspect the American Youth Congress of being under the influence of the Communists and their fellow travelers; and

Whereas, in accordance with Society policy, the American Youth Congress has frequently denounced the invasion of Austria, Ethiopia, Spain, China, and Czechoslovakia, and adopted resolutions calling for aid and sympathy to the victims of these aggressions, it has ignored the equally brutal invasion of Finland by the Soviet Union and has placed itself on record as being completely disinterested in the fate of Finnish democracy;

Resolved, That the American Youth Congress clearly demonstrate that it is not a Communist front and is absolutely free of Communist influence by:

1. Condemning communism, nazi-ism, and fascism, alike and equally as enemies of the American system.

2. Expelling the Young Communist League and its Trojan-horse organizations as listed in the Dies committee report: American League for Peace and Democracy, International Workers' Order, American Student Union, Friends of the Soviet Union, National Negro Congress, Southern Negro Youth Congress, League of American Writers, Workers' Alliance, Spanish Refugee Relief Campaign, North American Committee to Aid Spanish Democracy, Friends of the Abraham Lincoln Brigade, and International Labor Defense.

3. Asking American Youth Congress officials such as Joseph Cadden, executive secretary, who are members of the above-listed Communist front organizations, to resign from and to repudiate these organizations or to be expelled from the American Youth Congress.

4. The same ruling to apply to the Nazi and Fascist organizations and their Trojan-horse groups, if there be any in the American Youth Congress.

Mr. KEEFE. So that the RECORD may further be straight, the gentleman from Pennsylvania [Mr. McGRANERY] rose during the speech of the gentleman from New York [Mr. MARCANTONIO], and he really was quite critical of me. I barely know the gentleman, but he said that I did a very poor job of "Sherlock Holmesing." I am not a Sherlock Holmes. Sherlock Holmes is fictional. I made no investigation. I am a human being. A human being is liable to err. If I err, I shall come before the Congress and admit it. Sherlock Holmes, being fictional, never erred. He always proved to be right. I know that I may frequently be wrong. If I am, I hope I shall admit it, and I was in hopes perhaps that the President, who once said that if he ever made a mistake he would be the first to admit it, would also follow that same course. But I have not heard of any admission of mistakes up to date. [Laughter.]

The gentleman from Pennsylvania made it appear that I was in error, because there were some gentlemen from Pennsylvania who were invited, who did not attend this conference. I want to ask the gentleman from Pennsylvania whether he read my remarks or whether he knew what I had stated, because if he had read my remarks he could not have possibly made the speech he made, because at no time and at no place did I ever say that any person, or name any person who was in attendance at this meeting. I simply listed those who were invited. That is all. I do not know who attended. But as a result of that little interlude we have been getting the facts day by day, and after all that is what I sought to do. As the facts come out, if there is any question about it, after a while we will be able to piece this thing together and learn the real facts, because the newspaper reporters were barred from this little private conference up at the White House.

Mr. BRADLEY of Pennsylvania. Mr. Chairman, will the gentleman yield?

Mr. KEEFE. I am sorry. I do not have time.

Mr. BRADLEY of Pennsylvania. I just wanted to tell the gentleman that the gentleman from Pennsylvania [Mr. McGRANERY] was not on the floor, and I would be glad, and I know he would be glad, too, if the gentleman would withhold his remarks with reference to the gentleman from Pennsylvania [Mr. McGRANERY] until he was present.

Mr. KEEFE. I was not on the floor when he spoke. In fact, I was not on the floor when any of this took place. I do not yield further. I only have a few minutes more.

The gentleman from Pennsylvania [Mr. McGRANERY] is a fine gentleman. I have said nothing disparaging of him at all. I do not see the gentleman's great interest in this situation. I have simply called the gentleman from Pennsylvania [Mr. McGRANERY's] attention to the fact, and I want you to know it, that at no time did I ever name any person that was at that conference. I simply listed those who were invited. When the gentleman from Pennsylvania [Mr. McGRANERY] charged that I said certain people were there, he said something which was not in accordance with the facts; and the RECORD will speak for itself.

Now, I cannot pass without saying a word about my friend the gentleman from Alabama [Mr. PATRICK]. The gentleman took me to task yesterday when I was sitting in the Appropriations Subcommittee meeting, and I was called down and I came down. Now, the gentleman made some rather cutting remarks. I know that he did not intend it. He is a good friend of mine, and I like him. He likes to be a humorist. He does not say anything except a little humorous twit once in a while.

The CHAIRMAN. The time of the gentleman from Wisconsin has again expired.

Mr. PLUMLEY. Mr. Chairman, I yield the gentleman 3 additional minutes.

Mr. KEEFE. The gentleman from Alabama has acquired quite a reputation in this House of being a humorist, but in this speech I did take exception to this. He says:

I have been looking for him to smile ever since he came to Congress, but I have not yet seen him smile.

[Laughter.]

I want to say to the gentleman that since he has assumed the role of humorist, poet laureate of the House, and jester of the House I have not heard a single alleged joke or a single story that was not so archaic that it could not provoke a smile on my face. [Laughter.]

Perhaps that justifies the fact that I am a little serious. And then also there is the fact that I am a little bit worried about the situation of the country, as the gentleman from Oregon is. We are all just a little bit worried, and we all admit it if we are honest. We are worried as to what is going to happen, and we do get serious, and perhaps a little over-serious. Maybe it is because there are others in the House that are serious and even too serious, that the death roll in this House has mounted to 23 during this last session of Congress. I do not want to be serious. I want to look at things through the eyes of an optimist, but it is mighty hard to do it. The gentleman ought not to charge me with being so serious that I cannot appreciate a smile and appreciate a joke once in a while. [Applause.]

[Here the gavel fell.]

Mr. CASEY of Massachusetts. Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. MARCANTONIO].

Mr. KEEFE. Mr. Chairman, I ask unanimous consent to revise and extend my remarks and to incorporate certain material in them.

The CHAIRMAN. The gentleman will have to obtain that permission in the House.

The gentleman from New York [Mr. MARCANTONIO] is recognized for 5 minutes.

Mr. MARCANTONIO. Mr. Chairman, we have heard a brilliant summation, and it left the country and the House with the impression that it was the summation in a real, important murder case. It was a murder-case summation, but the defendant was charged with only stealing a bag of peanuts. [Laughter.]

The gentleman from Wisconsin has seen fit to pick on this White House incident as the one big thing to fight about. Very well. I now am going to let him in on another big secret. Do you not know that they served us beer and sandwiches on that occasion that night? The gentleman should put that in the RECORD. [Applause.]

Mr. KEEFE. Was the beer Milwaukee beer?

Mr. MARCANTONIO. Yes; it was good American beer without any Communist brand in it at all. It was not Moscow beer. [Laughter.]

Mr. KEEFE. I am happy to learn that. [Applause.]

Mr. MARCANTONIO. And it was so American that I had two glasses of it. The gentleman should have known that. There is something wrong with Sherlock Holmes this time. [Laughter.]

Mr. Chairman, I think this business of raising the Communist scare every time a serious question comes up ought to stop. This House is making one grand record. For 4 weeks we have been fighting the Communists, for 4 days the Youth Congress, and yesterday we even fought the Indians. The Indians took an awful beating on the floor of the House yesterday. [Laughter.] So it is either Communists or Indians. I do not know whether the gentleman from Wisconsin, the other gentlemen who fought the Indians, and the other gentlemen who are fighting the Communists daily have assumed the permanent role of Don Quixote and intend to fight windmills, shadow box, and continue to dodge the real vital problems that face the American people until the end of the session. That is their responsibility.

Mr. KEEFE. Does the gentleman mean to say that I fought the Indians yesterday?

Mr. MARCANTONIO. No; the gentleman did not fight the Indians yesterday; he is not guilty—not guilty. Let us

get the record straight. The gentleman did not fight the Indians. [Laughter.] I think it is unfair for anybody even to intimate that the gentleman fought the Indians.

I think the gentleman from Wisconsin gave us a very illuminating statement with regard to his views on the youth problem. He says: "I am for the youth. I have three children." I believe the gentleman is also a good father and a good American, and I also believe that the gentleman does not advocate wife beating; but that is not the question. The question is, Despite all this stone throwing at these boys and girls, what are you going to do for young America? You are enraged because they hissed. Sure they hissed—I am against hissing in the galleries, I am against any infraction of the rules; but, after all, we have been dishing it out here day in and day out, and I think it is perfectly good American sportsmanship to learn how to take it if you want to continue to dish it out; and those kids did some dishing out themselves the other day, after having been on the receiving end for 4 days. [Applause.]

Assuming that there are Communists in the American Youth Congress—and everybody admits that they are in a small minority—are you going to eternally dodge the youth problem because the American Youth Congress refuses to follow the example of this Congress of whittling away at the Bill of Rights?

These boys and girls came here with a problem: 4,700,000 young men and young women out of work, without educational opportunities; they came here and said to the Members of Congress, to the fathers of this country, to the elder statesmen of America: "What are you going to do for us?"

And what do you say? "Save America from communism!"

They came here and said: "We are deprived of educational facilities; what are you going to do about it?"

And what do you say? "Save America from communism!"

They came to us and said: "No jobs for 4,700,000 boys and girls, American boys and girls in the richest country of the world; deprived of the American traditional opportunity, the opportunity for which America has always stood." And what do you say? "Save America from communism!"

Let us quit kidding the American people. They are beginning to get wise to us. They are sick and tired of this gag about communism. The gag is beginning to wear thin. They want action. The farmers want action, labor wants action, the unemployed want action, business wants action, and American youth wants action. [Applause.]

Mr. CASEY of Massachusetts. Mr. Chairman, I yield 15 minutes to the gentleman from Florida [Mr. CALDWELL].

Mr. CALDWELL. Mr. Chairman, a number of inquiries have been made asking the significance of that portion of the report accompanying this bill which touches upon the airplane pilot-training policy. You will recall that the committee pointed out that in order to provide the requisite number of pilots the Department had modified the course of training, and, in the language of the report, "reduced the time required for completion of the training from 14 months to 7 months."

In questioning the wisdom of the reduction of time consumed in the training of pilots, the committee voiced its conviction that insofar as training can accomplish effectiveness and safety, neither time nor money should be spared. The language of the report, however, is to be taken as cautionary against undue relaxation of training rather than as disapproval of the policy now in effect. Especially is this so since the shortened course is being used only for the Naval Reserve and the Marine Corps Reserve aviation cadets and not for the officers and enlisted men of the Regular Navy, Marine Corps, and Coast Guard.

The reduction in over-all time has not been attended by a corresponding decrease in flying time per student. The latter has been reduced about one-third, or from approximately 314 hours to approximately 210 hours. This has been made possible by certain changes in the preflight training schedule and by increasing the flying hours per student per week as a result of utilization of more daylight hours and increased night operations.

In the last half of the course aviation cadets specialize in their training and as approximate result of that specialization are given about twice as much training in the specialty as they formerly received in the longer course. As an instance, the student in the patrol plane specialty has a total of around 80 hours upon completion of his course as against about 40 hours under the former system. Accordingly, he reports to his fleet assignment with considerably greater proficiency in his specialty than he would have attained under the longer course.

The course of training for officers and enlisted men in the Regular Navy, Marine Corps, and Coast Guard has not been curtailed in any sense of the word, the shortened course being given only to aviation cadets. No serious objection can be made to this policy since if these officers are to be assigned to the type of squadron for which they are specialized. If it should later become necessary or practicable to assign them to other types of aircraft, they can be given appropriate training to qualify them for that duty.

The committee recognizes the necessity for the adoption of measures to increase the pilot output to meet the actual urgent needs of the Navy and to make possible more progress in building up the Naval Reserve, but, without condemning the policy now followed, feels that it should recommend that no pains be spared to accomplish the highest degree of efficiency and safety in aviation. It may be here pointed out that the Secretary of the Navy has recently said:

The Navy Department recognizes the desirability of giving each pilot the full course and expects to return to this procedure at such time as circumstances warrant doing so. In the meantime, you may be assured that the shorter course is not only necessary to meet a serious shortage in trained pilots, but, because of the specialized training and specialized duty contemplated for these officers, does not increase the hazard either to personnel or material.

[Applause.]

Mr. CASEY of Massachusetts. Mr. Chairman, I yield 10 minutes to the gentleman from Pennsylvania [Mr. BRADLEY].

Mr. BRADLEY of Pennsylvania. Mr. Chairman, it had been my intention to ask for time in view of the controversy which arose through the visit of the American Youth Congress delegates to Washington in order that I might have the opportunity to state my own position with respect to what has taken place; however, in view of developments here today I think perhaps this is just as good a time as any to discuss the subject. Perhaps those things which I say will not meet with the approval of various individuals in this House, but I have tried consistently while a Member of this body to guide my vote according to the dictates of my conscience. I do not think anyone will accuse me of being even conservative. I have supported all liberal legislation, such as the wage-hour law, W. P. A. appropriations, National Youth Administration appropriations, social-security legislation, and I am wholeheartedly interested in the youth of this Nation. I have voted against the Dies committee on two different occasions, although I voted for the creation of that committee the first time the resolution was presented to the House.

My reasons for voting against the Dies committee was not because I am in sympathy with communism because I detest it as much as anyone in this House. To me the Dies committee has through its procedure at least furnished an opportunity to a malicious press to smear certain individuals in this country whose patriotism is above reproach, as in the case of the gentleman who today graces the Supreme Court Bench, Mr. Murphy.

Men closely identified with this administration and leaders of labor who were no more in sympathy with communism than you and I, were smeared in the press, and nothing was done, in my opinion, to stamp out those things which cause communism. It seems a bit inconsistent to me that someone who would oppose wage-and-hour legislation, a minimum wage of \$12 a week to American citizens, would then get exercised about the evils of communism when it is those things which furnish the Communists with the oppor-

tunity to delude and mislead the American people. So much for that. That is the reason I voted against the Dies Committee, and I am willing to take my stand with respect to my own patriotism as to whether or not I am a better patriot if I support the gentleman from Texas [Mr. DIES], for instance, as chairman of his committee, in view of what the press has done to the characters of many outstanding Americans, or whether I follow the distinguished gentleman from California, one of the few men who ever sat in this body and who has at the same time the distinction of having been awarded the Congressional Medal. I prefer to follow a patriot who has proven his patriotism on a question of this kind. I refer to the distinguished gentleman from California [Mr. IZAC], and I think I am in good company. I say this without any reflection upon the patriotism of any other Member of this House who is a member of that committee or any other committee of the House.

Now, with reference to American youth, I am interested in the youth of the country, but because I am sincerely opposed to communism I think a liberal should be very careful, that he should not furnish even sympathy to those who perhaps believe in the philosophy of communism. I am the father of four children, and in that respect I am just a little bit ahead of my distinguished colleague from Wisconsin. I would like to have those children interest themselves in things which are for the welfare of the American youth; but notwithstanding that the Bill of Rights grants to anyone the right to hold to any political philosophy, provided he does not advocate the overthrow of this Government by violence, there is nothing in the Bill of Rights which compels me to fraternize with Communists, and I say to those who lead the American youth movement if they want to get the wholehearted support and sympathy of the parents of this Nation, they will see that there is no place in the American youth movement for those who adhere to the tenets of communism.

I do not fear communism because of the reforms it advocates in the field of economics. Those things will take care of themselves, because human nature, after all, depends on initiative and there would be a return to sound economic principles, even though communism destroys them temporarily. I fear communism because of what it does to the soul of the Nation and to the soul of youth, and because it would destroy the one thing we have which furnishes us with hope and with salvation; that is, the belief in God and in religion. I cannot subscribe to any movement which fraternizes with those who would destroy everything that I hold near and dear to me. So I would say to those leaders of youth, if they want the blessing of the American people, if they want the support of those friends of theirs who are really interested in them, they will make their movement one in which there is no danger that our children will have to fraternize with anyone who might possibly be an agent of Moscow or any other foreign government.

Let me indulge in just a little humor. I like the gentleman from Wisconsin [Mr. KEEFE]. I like the way he fights upon the floor of this House. I am going to be a little bit humorous. Maybe he is making a bit of a mistake. You know the gentleman from Texas, MARTIN DIES, has gotten a lot of publicity and the gentleman from Wisconsin may think, perhaps, he can share that with the gentleman from Texas, MARTIN DIES. You know the gentleman from Texas, MARTIN DIES, is a pretty smart fellow. Those of us who know him know that, while he might be genial with regard to any Member of the House who wants to bask in this limelight of publicity, when the real moving pictures are being taken and the real headlines are being written, he will see that everybody else will be far down in the rear of the parade.

I would like to mention that to the gentleman from Wisconsin in a kindly spirit. He cannot steal this baby from the gentleman from Texas, MARTIN DIES, because the gentleman from Texas, MARTIN DIES, is one of the most astute individuals in protecting babies of that kind that we have here in Washington.

I think every Member of the House realizes that he is smarter than all of us in that respect, and when any publicity is going around, Martin is going to get it if it is to be gotten. So I would just ask the gentleman to remember that so he will not have any illusions about Martin being willing to share this with anybody, because he just will not do it. That Demagog Club means too much to him.

Mr. KEEFE. Mr. Chairman, will the gentleman yield?

Mr. BRADLEY of Pennsylvania. I yield to the gentleman from Wisconsin.

Mr. KEEFE. I may say to the gentleman that I just barely know the gentleman from Texas, MARTIN DIES. I met him to speak to him for the first time this morning, just to say hello. I want to assure the gentleman that the gentleman from Texas [Mr. DIES] can have all the publicity there is connected with that movement, and I am not motivated in any sense to want to share in that publicity.

Mr. HOFFMAN. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. HOFFMAN. I demand that the words of the gentleman just used with reference to the gentleman from Texas [Mr. DIES], that he was a demagogue, be taken down.

Mr. BRADLEY of Pennsylvania. Mr. Chairman, I am perfectly willing that the gentleman have those remarks taken down. I said that Mr. DIES was not president of the Demagogue Club for 8 years for nothing.

The CHAIRMAN. Does the gentleman insist that the words be taken down?

Mr. HOFFMAN. I do; and I ask that the definition of "demagogue" be read.

The CHAIRMAN. The gentleman insists on his point of order?

Mr. HOFFMAN. I do; and I say that in view of the fact that our Speaker was recently referred to in the same manner in one of the Washington papers. It is about time we understand it.

The CHAIRMAN. The Clerk will report the words taken down.

The Clerk read as follows:

As I say, he is a pretty smart fellow, and, after all, he has not been president of the Demagog Club for 8 years for nothing, without learning how to take care of his prerogatives as far as publicity is concerned.

Mr. SCHAFER of Wisconsin. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. SCHAFER of Wisconsin. Is it not possible under the rules for the gentleman to withdraw the controversial words by unanimous consent?

The CHAIRMAN. No such request has been made.

Mr. BRADLEY of Pennsylvania. Mr. Chairman, may I say something to the Chair?

The CHAIRMAN. The gentleman may submit a unanimous-consent request.

Mr. BRADLEY of Pennsylvania. Not at this moment, Mr. Chairman.

The CHAIRMAN. The Committee will rise.

Accordingly the Committee rose; and the Speaker pro tempore having resumed the chair, Mr. BLAND, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill H. R. 8438, the Navy Department and naval service appropriation bill, 1941, certain words used in debate were objected to and on request were taken down and read at the Clerk's desk, and that he herewith reported the same to the House.

The SPEAKER pro tempore. The Clerk will report the words taken down.

The Clerk read as follows:

As I say, he is a pretty smart fellow; and, after all, he has not been president of the Demagog Club for 8 years for nothing, without learning how to take care of his prerogatives as far as publicity is concerned.

Mr. HOFFMAN. Mr. Speaker, a point of order.

The SPEAKER pro tempore. The gentleman will state it. Mr. HOFFMAN. Mr. Speaker, I make the point of order that the words to which I objected are not all reported. There was a further statement there containing similar language.

The SPEAKER pro tempore. It is too late to raise that question now.

Mr. HOFFMAN. May I raise it tomorrow?

The SPEAKER pro tempore. The Chair will not pass on that now.

Mr. HOFFMAN. Tomorrow is too late?

The SPEAKER pro tempore. Under the rules, the gentleman will understand, he should have made that request before the Committee rose. The matter is now out of the hands of the present occupant of the chair.

The language as reported to the Chair is as follows:

As I say, he is a pretty smart fellow, and after all, he has not been president of the Demagogue Club for 8 years for nothing, without learning how to take care of his prerogatives as far as publicity is concerned.

Rule XIV, Paragraph 1, reads as follows:

When any Member desires to speak or deliver any matter to the House, he shall rise and respectfully address himself to "Mr. Speaker," and, on being recognized, may address the House from any place on the floor or from the Clerk's desk, and shall confine himself to the question under debate, avoiding personality.

This, the Chair really thinks, is a pretty close question, but the Chair feels constrained to hold that in the language the gentleman used he did not avoid personality.

Does the gentleman from Pennsylvania [Mr. BRADLEY] desire recognition?

Mr. BRADLEY of Pennsylvania. Yes, Mr. Speaker.

The SPEAKER pro tempore. For what purpose?

Mr. BRADLEY of Pennsylvania. The Chair has asked me if I wish recognition. I wish recognition in connection with the point of order raised by my colleague the gentleman from Michigan [Mr. HOFFMAN].

The SPEAKER pro tempore. The Chair has already ruled on that.

Mr. BRADLEY of Pennsylvania. Mr. Speaker, if I may have the indulgence of the Chair and the House, I will say that there was nothing derogatory intended in my remarks. The gentleman from Texas [Mr. DIES] himself is the self-constituted president of the cloak-room Demagog Club.

The SPEAKER pro tempore. That does not have anything to do with the legislation under consideration. If the gentleman does not desire to indulge in personalities here he can very easily cure the situation.

Mr. BRADLEY of Pennsylvania. Mr. Speaker, am I to understand that the ruling of the Chair is that my remarks were not in order because they were not in connection with the legislation under discussion?

The SPEAKER pro tempore. And in that they did not avoid personality, under the rules of the House.

Mr. BRADLEY of Pennsylvania. Under those circumstances, Mr. Speaker, I ask unanimous consent to withdraw the remarks.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The SPEAKER pro tempore. The Committee will resume its sitting.

Accordingly, the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 8438, with Mr. BLAND in the chair.

Mr. BRADLEY of Pennsylvania. Mr. Chairman—

Mr. KEEFE. Mr. Chairman, will the gentleman yield?

Mr. BRADLEY of Pennsylvania. I will be very glad to yield to the gentleman from Wisconsin.

Mr. KEEFE. I want to say to the gentleman that I have listened to what he has stated here with a great deal of pleasure and a great deal of interest, and I am happy to note

the attitude that the gentleman from Pennsylvania has manifested, and I hope the gentleman manifested that same attitude at the time this matter was under discussion at the White House, because it is stated that a large number of Representatives who were there stated exactly the position that the gentleman from Pennsylvania announced today.

Mr. BRADLEY of Pennsylvania. I want to thank the gentleman; I was invited to the White House meeting, but I did not attend, because I was not in Washington; but I think that both the President of the United States and Mrs. Roosevelt have in no mistaken terms indicated where they stand with respect to American institutions and with regard to their attitude with reference to communism; and I think their public utterances are an assurance to this Nation, and they ought to answer many critics who repeat things that are unfounded. [Applause.]

[Here the gavel fell.]

Mr. CASEY of Massachusetts. Mr. Chairman, I yield such time as he may desire to the gentleman from New York [Mr. O'LEARY].

Mr. O'LEARY. Mr. Chairman, the United States Navy should be second to none in the world. Sea power is our best defense—our only real assurance of peace and security.

Aggression stalks the world. The modern manner of waging war allows no time to prepare. We must be ever ready. Have we not been witnesses to the lightning strokes of the modern war machines? We are living at a time when weakness means death and strength means life.

Whatever were the merits of various international boundary arguments preceding the present wars, one fact remains undisputed and that is—only those nations least able to defend themselves have been attacked and put under the sword.

Assertions that a strong and formidable United States Navy would be an imperialistic weapon are refuted by our good-neighbor policy which in the past has restored Cuba to its people and by act of Congress will give to the Filipinos their native land, to have and to hold, for the first time in four centuries.

Rather does a strong American Navy assure peace and security to our neighbors in Central and South America who have viewed with alarm the subjugation of smaller and weaker nations in other parts of the world.

There is no single nation on earth today with a more extensive and valuable coast line to defend than the United States. This coast line is skirted by the Atlantic and Pacific Oceans and the Caribbean Sea. The Panama Canal is the only strategic connection between these eastern and western seas.

Through the Monroe Doctrine we have assumed for well over a century the defense of the American continents against aggression. The wisdom of this policy has been demonstrated many times. The Monroe Doctrine has maintained peace in the Western Hemisphere while war rages in other parts of the world. Today the Monroe Doctrine is more essential to our own security, as well as our neighbors', than when it was enunciated.

This sound protective policy, however, compels our Navy to expand its defensive operations over the North and South Atlantic, the Caribbean Sea and the North and South Pacific.

Why these expansive sea operations? They are conducted not only to maintain the Monroe Doctrine but for the reason that the United States, if attacked, would not be attacked directly. Aggression or invasion, if ever attempted, would come by sea through Canada or Mexico preceded by lodgments of airplane bases in Central and South America or on the islands of the Pacific, Caribbean, and the Atlantic.

Certainly it would be a difficult and hazardous undertaking to attempt any kind of an invasion of the United States under ordinary circumstances. But invasions are never attempted under ordinary circumstances. Invasions are usually launched by a combination of nations. We say an invasion is improbable—a mighty navy will make it next to impossible.

We must look ahead, always mindful of what has happened in the past, in our own time, during these very days. When imperial Germany went to war in 1914 with the most formidable military force in history, did any of her greatest naval and military experts foresee that an American Expeditionary Force of more than 2,000,000 men would be swarming across her borders within a few short years? Even in 1917, Hindenburg and Von Tirpitz did not foresee the consequences or they would never have embarked on the unrestricted submarine warfare that brought the A. E. F. upon them.

The American troops did not land in Germany. They were landed in France without the loss of a man. Germany had not the sea power to prevent their disembarking, while the Allies had the sea power to accomplish the feat. And superior sea power kept open the lines of communication so that ample supplies flowed without interruption across the Atlantic.

The United States Navy and Army taught Germany and Europe a great lesson in military movements and ourselves a more important one. Through the exploits of our service men in 1917-18, Europe's naval and military strategists have added to their positive knowledge. Therefore, in considering the United States as a factor to be reckoned with, today's foreign militarists will hardly make the grave mistakes of their predecessors. For, guided only by theory, Hindenburg and Von Tirpitz believed America could be disregarded as a factor among the powers of the earth. These German strategists, with all their great prestige, took the biggest military gamble in history and lost to the A. E. F. and the United States Navy.

Having demonstrated ourselves a power to reckon with, we have learned to stay out of Europe and let the record speak for itself. We have learned through the landing of the A. E. F. the necessity of absolutely dominating the seas about the Western Hemisphere if we are to be secure against invasion.

From the lessons taught by the A. E. F. and our Navy, I have resolved that a powerful navy is the greatest guardian of peace. I have further resolved never to vote to send a single American soldier to fight on foreign soil. The sacrifices made by the soldiers and sailors of the World War were not in vain, for I believe they have saved the present generation from involvement in war and have pointed the way to peace and security for ourselves and our posterity. Their courage, loyalty, and skill in arms have compelled a respect for the United States throughout the world that will make the rashest aggressor hesitate to provoke us to the point of war. They taught us also not to be swayed by minor annoyances into a warlike spirit out of all proportion to our grievances.

The experiences of the World War are fresh in our memories. We have seen that sea power is vital to the very existence of a great maritime nation like the United States. So it is if we go back through history. There we find that any nation attaining commercial and industrial preeminence and greatness in natural resources had to maintain its existence by sea power and waned when its sea power waned. Such was the experience of Egypt, Phoenicia, Carthage, Greece, and Rome.

The expansion of our Navy means the expansion of a splendid personnel recruited from among the flower of our youth. The Navy has reached its highest standard of excellence in personnel. The young men trained by the Navy are prepared to attain better civilian standards of living through the trades and vocations taught them during their service.

A highly important phase of naval expansion is the intensive ship-construction program that will provide thousands of jobs for the skilled workmen in our shipyards. These men will be put to useful work in building up our national defense.

In the past years these men have suffered severely from lack of employment. I speak from first-hand knowledge in this respect, since about 3,000 such trained workmen reside in the Staten Island section of my district. They are substantial men, largely home owners, upon whom the community depends materially for its existence.

True, the yards in my district are just beginning to benefit by the construction of naval auxiliary craft, such as tugs

and merchant ships. However, additional work is necessary in these yards to build up a backlog so that mechanics of all trades can be kept employed in the various stages of construction.

Let me elaborate on this phase of my argument. There are two naval tugs in the last stages of construction and one has already been completed. The types of mechanic used on the completion are entirely different from the mechanics employed on the five C1-type ships at this stage of construction.

If we can secure three destroyers by the time the keels of these boats are ready the construction of the C1 type would have advanced to the point whereby the mechanics employed during the completion stage of the ships would be kept busy. This would effect a rotation of mechanics and provide plenty of work for all in the industry.

These same benefits will accrue to every shipyard on the three coasts of the United States. [Applause.]

Mr. PLUMLEY. Mr. Chairman, I yield 15 minutes to the gentleman from Minnesota [Mr. MAAS].

Mr. MAAS. Mr. Chairman, I think the Navy appropriation bill, which is under consideration, is one of the most vital matters with which this Congress has to deal. I feel that we are following dangerously close in our conduct today the road we followed from 1914 to 1917 that led us into the World War. I believe, fundamentally, the reason we became engaged in the World War was because we were unable to stay out of it. Had we had the navy in 1914 that Theodore Roosevelt had advocated consistently, I believe we could have avoided entanglement in the World War by the United States. It certainly behooves us to have a navy today which will be adequate to protect our neutrality and to defend our peace.

We seem to forget that the first American ships that were sunk in the World War were sunk, not by the Germans, but by the British. We seem to forget that we protested to the British time after time in 1914 and 1915 and 1916 to no more avail than our protests today and that, finally, the Allies squeezed the Central Powers so hard, frequently by using illegal and unneutral methods against the United States that they, in effect, forced the Central Powers to take the same recourse, and they just pushed us around too much or until, of course, we finally got into it.

Had we had a navy in 1914 that could have defended our commerce, that could have defended our neutrality, neither the Allies nor the Germans would have pushed us around at all. We are being pushed around again today. Whether the European powers feel that we are as weak as we were then or as unwilling to defend our own rights, I do not know, but in those years they mistook our desire to avoid war for weakness on our part. They were convinced that we not only would not fight, but that we could not fight.

I am anxious for just one thing, as is every Member of this House, and that is to avoid our becoming entangled in this or any other war if it can be avoided, but today we are permitting exactly the same thing to happen that led us into the war of 1917. The British are stopping our ships on the high seas, taking them into contraband ports, and under the guise of attempting to prevent contraband from getting to Germany, are doing exactly the same reprehensible, contemptible thing they did from 1914 to 1917. Under the cloak of protecting their blockade against Germany, they are seizing all of our mail. The amount of merchandise or of money that might get to Germany would be insignificant. The truth of it is that what they are after, and what they are getting every day, is an opportunity to examine the manifests and the bills of lading of American merchants and American shippers. They are copying these facts and furnishing them, through their economic control to their own industries and attempting to underbid us in commerce.

Mr. PITTENGER. Mr. Chairman, will the gentleman yield?

Mr. MAAS. I yield.

Mr. PITTENGER. Those acts are in violation of our present neutrality law?

Mr. MAAS. They are not only a violation of our own neutrality laws, but they are a violation of internationally recognized neutrality laws.

Mr. HAWKS. Mr. Chairman, will the gentleman yield?

Mr. MAAS. I yield to the gentleman.

Mr. HAWKS. Do we have any allies in this present war?

Mr. MAAS. I am not talking about "our" allies. I am talking about the Allies. They refer to them as "allies." We have no allies.

Mr. HAWKS. But the reference is to Britain and France as our allies.

Mr. MAAS. The press of the world refers to them as the "Allies."

Mr. HAWKS. And the administration leaders also, do they not?

Mr. MAAS. Oh, I have never put any imputation on them that they are our allies, because they are not.

Mr. SCHAFFER of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. MAAS. Yes.

Mr. SCHAFFER of Wisconsin. Would it not be a good idea to prohibit the use of our American seaports by all warships and merchant marine ships of Great Britain and France while they continue to highjack mail and other materials on ships flying the American flag. What have we got a navy for if it is not to protect our flag?

Mr. MAAS. That is exactly what I am proposing and I thank the gentleman for his contribution. What I am suggesting is that we make sure that our Navy is big enough to protect our rights, and that it protect them. Make no mistake. The reason for the British opening our mail is not so much to prevent any possible contraband going to Germany, but it is to get access to information of American business methods. They did the same thing in 1914, and then went out and competed with us, and I am informed today when our ships are dragged into a contraband port and held an unreasonable time, or until it is unprofitable for the shippers, and the shipping concerns, that the bills of lading are all furnished to British concerns, and their agents in this country then go around and solicit the American shippers, recommending that it would be wise for them to ship on a British ship, if they want to make their deliveries certain, and so on. It is nothing in fact but a continued attempt to destroy American commerce. They have been at it for 100 years, and they are still at it.

Mr. PATRICK. Mr. Chairman, will the gentleman yield?

Mr. MAAS. Yes.

Mr. PATRICK. That is interesting and the thing I want to hear developed is how long does a proceeding like that usually delay a vessel, and what is the cost of it, and what is the result of such delay to the ship?

Mr. MAAS. The delays have been all the way from 14 to 28 days. I am reliably informed that when a ship is held up from 2 to 3 weeks that the entire profit is gone, and frequently there are very valuable commodities shipped where interest rates are high, as are premium rates on insurance in transit. They do not get it delivered promptly, and when it is delivered the profit of the transaction to the shipper, as well as to the shipping concern, has been destroyed. The main purpose behind it is to destroy and ruin American commerce.

Mr. PATRICK. Has France found it necessary to follow such methods?

Mr. MAAS. Not to the degree that England has.

Mr. CHIPERFIELD. And is it not true that Britain is treating other neutrals much better than she does the United States, especially Italy?

Mr. MAAS. Exactly. I think that Britain is trying to win Mussolini away from Hitler. They have been encouraging American shippers to ship on Italian vessels to the Mediterranean ports, so as to curry favor with Italy and at the same time destroy American commerce.

Mr. MILLER. And speaking of the Italian lines, the gentleman may be interested to know that the Assistant Secretary of State is going on the Italian line steamship *Rea*.

Mr. MAAS. Yes; so he will not be stopped at a contraband port. I suggest that the remedy for this is, first of all, to put all American mail on warships, and let them try to stop those; and I am serious about it. That does not necessarily mean battleships, but the mail should be put on our combatant vessels. One of the greatest prides in America has always been that the mails go through.

Mr. LUDLOW. Mr. Chairman, will the gentleman yield?
Mr. MAAS. Yes.

Mr. LUDLOW. I think the gentleman is making a very interesting speech. I have heard it said that the mails are not only intercepted but they sometimes never get to their destination.

Mr. MAAS. I think that is true. Much of the mail is not delivered at all, or it is not delivered until it is too late to be of any value. I have been informed that British merchant firms are given access to this mail, and they offer to fill the orders to our customers when our mail is not delivered, and thereby very seriously interfere with and destroy our commerce.

The Germans have now made an announcement that they are going to sink any American ships brought into a contraband port. That is the road that we went down in 1914. I do not think the British are so interested in stopping our ships to take contraband from them as they are in forcing Germany into acts that will force us into war with Germany. England is determined that America shall be her ally, and, as far as I am concerned, I am just as determined that we do not get into the war. I went through one war. I volunteered the day we entered the war. I am in the Reserve, and I would go tomorrow morning if we have to go to war, but I have not the desire or the intention of saving the British Empire so that it can continue to crush our competition. Some of you people do not realize that the British nation has been supported by forcing us to pay tribute. They have a monopoly on tin. We pay such an excessive price for tin because we are the major user of tin, so that we support the British Government with that monopoly. The same is true of rubber, of course.

Mr. PATRICK. Mr. Chairman, will the gentleman yield?

Mr. MAAS. I yield.

Mr. PATRICK. I am interested in the proposition the gentleman has put. Is it quite adequate to attempt to carry and deliver our mails by warships or combatant vessels? Could we carry it? Is the volume there and could that course be pursued as a practical matter?

Mr. MAAS. I do not know just what the gentleman means.

Mr. PATRICK. I mean have we the Navy vessels that the gentleman proposes? Of course, we should carry our mail and do business that way.

Mr. MAAS. We have a lot of destroyers and submarine chasers not now in use. No one will stop our combatant vessels. If they do, they will not do it more than once, I hope.

Mr. PATRICK. The gentleman wants our mail to go through. Of course, that is a record we have all been proud of. But is there on the high seas now and could there be arranged a program of travel—the gentleman has been in the Navy and can answer this—

Mr. MAAS. No; not the Navy; the Marine Corps.

Mr. PATRICK. The Marine Corps. It is more than the Navy.

Mr. MAAS. Oh, I will admit that.

Mr. PATRICK. You ask any marine, and he will tell you so. So I ask the gentleman who has been a marine if it is practical and if it can be done; if the volume of mail that we have could be shipped under this sort of procedure?

Mr. MAAS. Oh, yes. We have many, many wartime destroyers that are tied up, just put in cold storage, that we could put into commission. We can get the mails there if we have the will to get the mails there.

Mr. ENGEL. Mr. Chairman, will the gentleman yield?

Mr. MAAS. I yield.

Mr. ENGEL. In 1914 and 1915, when we had similar trouble, it was suggested that Congress place an arms em-

bargo on the shipment of arms to the Allies, or to the English and French, until such time as they observed American rights. Why would that not be a good suggestion at this time?

Mr. MAAS. That is exactly what I am advocating, that we enact legislation to penalize any nation that violates our neutrality by stopping any further commerce in materials or instruments of war, and that we deny our ports to any merchant or combatant vessels of any nation that violates our neutrality. If we do that, they will let us alone. We could have saved ourselves getting into the World War when Great Britain stopped our ships then, when it blockaded neutral ports against neutral ships, if we had said to Great Britain, "You cannot buy anything more in the United States."

Now, I am warning you, we are going down the same road, step by step. To those of us who can remember so clearly the steps that took place between 1914 and 1917 it is like a bad dream. We are walking through the same steps today, and the end will be just exactly the same if we do not check it right now.

I am proposing, first of all, that we put our mails upon combatant vessels of the Navy, and that we make sure that we have enough warships to protect our interests; that we deny our ports and commerce to the vessels of nations that violate our neutrality; and, if necessary, that we convoy American ships with American war vessels. If we will take a firm stand today and say, "We are neutral; we are not going to interfere in this war; but, by the living God, nobody is going to interfere with us," we will be let alone, and we will stay out of this war. [Applause.]

Mr. SCRUGHAM. Mr. Chairman, will the gentleman yield?

Mr. MAAS. I yield.

Mr. SCRUGHAM. I have listened with great interest to the very splendid analysis made by the gentleman from Minnesota. I will ask the gentleman if he will make some comment on the continuation of large warships, which was made by the chairman of the Naval Affairs Committee, the gentleman from Georgia [Mr. VINSON], and if there is any reason why American ships, from the gentleman's research and experience, should not be made superior in speed, in armament, and weight to those of foreign nations. In other words, is there any merit whatever in the policy of copying or following the designs of other nations in our capital ships?

Mr. MAAS. I do not happen to agree with the distinguished chairman of the Naval Affairs Committee on this matter.

[Here the gavel fell.]

Mr. PLUMLEY. Mr. Chairman, I yield the gentleman 1 additional minute.

Mr. MAAS. I thoroughly believe that the time has come for us to quit trailing the parade and to lead the parade. We are the one nation that can do it. We did it in 1922, and the rest of the world respected us. If they did fear us, they feared our Navy; but we voluntarily gave up that Navy. We had the finest ships in the world. One way to be sure that we will be let alone is to lead the parade, because the rest of them cannot follow us. It will lead to the objective that we all want; they will let us alone, and we will not have to go to war. [Applause.]

The CHAIRMAN. The time of the gentleman from Minnesota has again expired.

Mr. SCRUGHAM. Mr. Chairman, I yield 10 minutes to the gentleman from Massachusetts [Mr. CASEY].

Mr. CASEY of Massachusetts. Mr. Chairman, I hope this appropriation bill passes Congress without any change. It is the result of a great deal of hard work and study on the part of the Subcommittee on Naval Appropriations. Great credit is due chiefly to the chairman of the Subcommittee on Naval Appropriations, the gentleman from Nevada [Mr. SCRUGHAM]. He has given unstintingly of his time and energy, working nights as well as days in order to give his country the finest Navy in the world and at the same time having due regard for the present needs for economy.

Assisting him on this small committee that has such a heavy responsibility are the gentleman from Louisiana [Mr. FERNANDEZ], the gentleman from Florida [Mr. CALDWELL], and myself, representing the majority; the gentleman from Pennsylvania [Mr. DITTER], the gentleman from Vermont [Mr. PLUMLEY], and the gentleman from Michigan [Mr. McLEOD], representing the minority. In this committee it can be truly said that partisanship was left outside of the door. This bill, which we present with pardonable pride to the House, is the result of the work of all the committee and has the unanimous support of all the members of the subcommittee. It was necessary to steer a middle course between those who advocated a gigantic Navy at tremendous cost and those who would put into effect tremendous cuts that would destroy the entire naval program. We have reduced the amount allowed by the Budget \$111,699,699.

The reductions were worked out in the following manner: From the construction of ships we cut \$28,628,021. These cuts were so worked out as to avoid delaying the naval program. Not a single ship requested has been denied. The amount appropriated, however, has been computed on probable needs of the program for the year.

From airplane purchases and ordnance for new planes, we cut \$26,619,600. This reduced the number of planes to be secured by 224. If the Budget estimate had been allowed the Navy on July 1, 1941, would have more than 3,100 planes, whereas the present authorization act contemplates a minimum of 3,000 planes by 1944. We are, therefore, 3 years ahead of the program. The committee was very generous with respect to the building of prototypes. It included an amount of \$2,000,000 for the purchase of prototypes and other experimental aircraft because we want this country to be second to none in modern improvements. With respect to new development, there has been no stinting in the appropriation for research and experimentation in aviation. Experience has shown, however, that new ideas for improvements in aircraft come out of every war. Out of actual combat will come new designs both for the planes themselves and for the engines which propel the planes. If we are to embark upon a program at the present time of building a great many planes, more than necessary under the present authorization act, we might well find ourselves, shortly after the close of the war, in possession of planes which would be obsolete.

With respect to the subject of public works, we cut \$8,596,525. We studied all of these items carefully and allowed those which appeared to be urgently required, and eliminated only those which might be deferred without serious interference to the naval program.

With respect to the pay of the Navy, the committee made a reduction of \$9,487,722. This will necessitate a reduction in the enlisted personnel of two thousand under the Budget but it allows a five-thousand increase over the current year. The officer personnel was left the same except for 500 retired commissioned officers on active duty, which number we felt, after careful consideration, would not be required unless the situation becomes more critical than is now apparent. This bill does allow one-half the number requested for 500 retired commissioned officers on active duty.

With respect to the subject of submarine nets and boats for handling them, the committee cut out the entire amount requested, which was \$25,871,140. This cut was predicated upon the proposition that harbor nets will not be required unless we get into war. The committee was not impressed with the possibility of a foreign navy being able to attack our shore lines. We think our Navy and air forces are sufficiently strong to meet any enemy fleet, which must of necessity come from a long distance, far enough out on the ocean to prevent shore attack.

The total reduction in the above items amounts to \$99,203,008, and the remainder of the reduction, \$12,496,691, is spread over numerous items where the committee determined that requirements could be met with lesser amounts than contemplated by the Budget.

I am gratified to hear from all sides compliments for the committee's work, and particularly to hear the gentleman

from Georgia [Mr. VINSON], chairman of the Naval Affairs Committee, praise this bill in such glowing terms. This is praise coming from a big-navy man. On the other hand, the bill has received high praise from the gentleman from Indiana [Mr. LUDLOW], who is probably the leading peace advocate in the House of Representatives. A bill that satisfies both extremes certainly deserves the support of all Congressmen and the Nation.

I hope that no amendments to reduce the naval appropriation bill further than the committee has reduced it will meet with success. These amendments which I anticipate will be offered will undoubtedly be well intentioned, but they will lack the necessary study and information. Any further cuts in the bill will seriously hamper the program of national defense. The committee has made all possible economies consistent with adequate defense.

Gentlemen, we offer you this bill as a measure which will not sacrifice security on the altar of economy. It steers a straight, middle-of-the-road path. [Applause.]

Mr. PLUMLEY. Mr. Chairman, I yield 10 minutes to the gentleman from Massachusetts [Mr. TINKHAM].

Mr. TINKHAM. Mr. Chairman, since his belligerent "quarantine speech" in Chicago in October of 1937, President Roosevelt has been doing his best to involve the United States in war in Europe and in Asia.

At the very outbreak of the present European war in September last, the President began repeatedly to inject the poison of fear in the veins of public emotionalism. He began seeing phantom submarines off our coast.

These injections of fear preceded the President's demand for the repeal of the arms embargo and laid a splendid foundation for the passage of the unneutral repeal measure.

The repeal measure was debated in Congress from October 30 to November 3, when it was passed. On November 1, in the midst of the debate, a Canadian radio station broadcasted news of a submarine attack on a British ship not far off our coast, a report which it is said had an important influence on the passage of the repeal measure. That this was another phantom submarine may be seen from the following communication from Admiral H. R. Stark, Chief of Naval Operations, Navy Department, Washington, D. C.:

NAVY DEPARTMENT,
OFFICE OF THE CHIEF OF NAVAL OPERATIONS,
WASHINGTON, December 13, 1939.

MY DEAR MR. TINKHAM: Your letter of November 25, 1939, addressed to the Secretary of the Navy, regarding the alleged attack by a submarine on the British freighter *Coulmore* has been referred to this office for reply.

The following is a summary report of the *Coulmore* incident: At 2:27 a. m., November 1, 1939, the Nova Scotia radio station at Camperdown received a distress message from the British steamship *Coulmore*, saying she had sighted a submarine in latitude 40-20 north, longitude 62-31 west. The *Coulmore* was en route from Philadelphia to the British Isles.

Three destroyers and two Coast Guard cutters were ordered to the *Coulmore's* reported position: U. S. S. *Roper*, *Hatfield*, *Kane*, and U. S. C. G. *Bibb* and *Campbell*.

In addition to the surface vessels, 4 Navy planes and 2 Coast Guard planes were ordered to search the area, commencing at daylight.

The *Bibb* arrived at the *Coulmore's* reported position at 8:50 a. m., and reported no vessel in sight.

The weather was unfavorable for conducting a proper search. A fresh southerly gale was blowing, and visibility was poor, due to fog and rain. The planes, encountering a low ceiling and dangerous flying conditions, were forced to discontinue their search.

The surface vessels continued to search until they were informed that the *Coulmore* had sent a message at 2:40 a. m., on November 2, that she was safe. Frequent attempts were made to contact the *Coulmore* by radio from the time when the SOS was received, but nothing was heard from her for about 24 hours.

British naval authorities, who questioned the master of the *Coulmore* upon his arrival at the British Isles, report that the master states he observed a small searchlight on the port quarter. Assuming it to be a submarine, he changed course radically, started zig-zagging, and sent the radio message reporting a submarine sighted. It is indicated by the officers who took the master's statement that he now is not too sure that he sighted a submarine and probably acted hastily.

Sincerely yours,

H. R. STARK,
Admiral, United States Navy, Chief of Naval Operations.
Hon. GEORGE HOLDEN TINKHAM,
House of Representatives.

Mr. SCRUGHAM. Mr. Chairman, I yield 10 minutes to the gentleman from South Carolina [Mr. RICHARDS].

Mr. RICHARDS. Mr. Chairman, unlike the distinguished gentleman from Florida [Mr. CALDWELL] I am going to have the temerity at this time to make a few remarks more or less relevant to the bill, particularly one section of the bill, that providing \$3,000,000 to develop harbor facilities at the Island of Guam.

Mr. Chairman, word has gone around in the press and through the House that this item of \$3,000,000 for harbor improvement at Guam is an innocuous kind of thing entirely different from the authorization sought last year in the big-navy bill asked for by the distinguished chairman of the Committee on Naval Affairs, the gentleman from Georgia [Mr. VINSON]. It will be remembered that at that time a movement had been started by certain naval authorities, some in active service and some retired, to establish a great naval stronghold—you might say a second Gibraltar or Singapore—at Guam, a United States possession. We had speeches from Admiral Bloch and Admiral Leahy, and Admiral Hepburn; you will remember the Hepburn report, wherein a very comprehensive plan was given to the country whereby we would make Guam a great naval base. The public got stirred up about it and it seems that some of the admirals got a little fearful, so they, in 1939, went before the Naval Affairs Committee and only asked for authorization for \$5,000,000 to develop the harbor of Guam as a starter.

The question was asked at that time:

Why go to the Committee on Naval Affairs for an authorization of \$5,000,000 for Guam when that sum could be provided for the purpose stated under existing law and without an authorization?

Admiral Cook, Chief Engineer of the Navy, I believe, said the reason they asked for the authorization was because the Navy decided to lay its cards on the table with respect to Guam. Why did they decide to lay their cards on the table? Since when did high naval authorities seek to lay their cards on the table in asking an authorization from Congress when they already had the right to insert a single item in the appropriation bill itself?

Mr. MAAS. Mr. Chairman, will the gentleman yield?

Mr. RICHARDS. I yield.

Mr. MAAS. I would like to explain that situation. Some of the items in the \$5,000,000 request did require legislative approval—not all of them. The dredging did not. The reason that whole item came up, even including dredging which required no legislative authority, was because it was included in the Hepburn board report, and that bill was a bill to carry out the recommendation of the Hepburn board, which the Congress itself had directed. We ordered the Navy to create a board to study the needs of the outlying naval bases, and they reported the whole thing back to us so we would have the complete picture. For that reason the dredging was included; but in that bill also there were construction and development items which are not in the present development at all.

Mr. RICHARDS. I recognize the gentleman from Minnesota as an authority on this question, but if you gentlemen will just stick around here today and tomorrow you will hear a continuation of the argument by the distinguished gentleman from Minnesota in which he has taken the position that the Navy has full authority to do these things at Guam and that it is nothing out of the ordinary at all, because Guam is under naval government. Now, if the Navy has unlimited authority there the Navy does not have to come to Congress for an authorization, but they came last year, anyway, because Admiral Cook said they were going to lay their cards on the table to Congress. Why did they want to lay their cards on the table? Because they wanted Congress to establish a precedent, because the admirals realized that this thing is and was the beginning of the fortification of Guam, and that is their purpose now, though not always openly avowed. The hidden card, the card face down, was the fortification of Guam. The one facing up was the harmless, innocent one of harbor improvements. They wanted to be able to be in the position when they came to Congress for an ap-

propriation later on, to use the argument that Congress had told them to go ahead and do this thing.

They wish to say to Congress: "You have made those investments there, and it behooves you to give us some more ships, give us more guns, give us more airplanes, to protect the investments that we have already made at your direction."

Mr. Chairman, experience teaches us that when the camel gets its nose under the tent, you can count on it he will push right on in. Another reason, I think, for naval authorities coming to Congress last year to get this authorization was because they realized this authorization was going to create a new departure from the time-honored foreign policy of the United States.

Mr. BATES of Massachusetts. Will the gentleman yield?

Mr. RICHARDS. I yield to the gentleman from Massachusetts.

Mr. BATES of Massachusetts. Is it not a fact that the original study of the development of the harbor at Guam was made under authorization of the Committee on Rivers and Harbors some few years ago at the request of the Navy Department, and that the report of that study has never yet been made to the Congress of the United States? Last year the Naval Affairs Committee, of which I am a member, favorably reported the bill, and the gentleman and I and many other Members of the House led the fight which defeated it on the floor here. The real facts are as the gentleman states. Ultimately this means the fortification of the island of Guam, only 1,400 miles away from Japan.

Mr. RICHARDS. The gentleman is correct about that. You will remember the fight last year. You will remember that the House decided against this \$5,000,000 appropriation because it would require a new departure in the foreign policy of the United States. It insured the success of a movement by naval circles to make the island of Guam one of the strongest fortifications in the world.

Mr. MAAS. Will the gentleman yield?

Mr. RICHARDS. I yield to the gentleman from Minnesota.

Mr. MAAS. The statement has been made many times with reference to a new foreign policy. Would the gentleman tell us what this implied new foreign policy is? Even if we did fortify Guam, what is this new foreign policy?

Mr. RICHARDS. It means that the United States is going to embark on an imperialistic policy. I am not defending Japan. A good many Members have gotten up here and talked about Japan, which is just a smoke screen. I do not think there is a Member of the House who has less sympathy for the activities of the Japanese Government and for the ideals of the Japanese Government than I have. I cannot conceive of any enlightened nation embarking on the program on which Japan has embarked. I am not here to argue about Japan. I do not care whether the fortification of Guam makes Japan mad or not. I am speaking of this thing from the standpoint of the United States. It is a senseless proposition and it means that sooner or later the United States Government will have to spend two or three hundred million dollars in fortifying Guam. For what? This is an island 6,000 miles away from here.

Mr. MAAS. What is this new adventure?

Mr. RICHARDS. I will answer the gentleman. Guam is 6,000 miles away from here, or approximately that, with not an American possession beyond, except the Philippine Islands, and we have given our solemn obligation that those islands will be given up by the United States in 1946.

[Here the gavel fell.]

Mr. SCRUGHAM. Mr. Chairman, I yield the gentleman 3 additional minutes.

Mr. RICHARDS. Mr. Chairman, we have talked about everything this afternoon. We have talked about the American Youth Congress, we have talked about Finland, we have talked about the nebular hypothesis, we have talked about Einstein's theory of relativity, but I want to speak a few minutes about this naval bill. I will have to get right down to the point, because I have not very much time.

Here is what the naval officers did. When the Congress turned down that \$5,000,000 last year they turned around and did the very thing they said they did not want to do. They no longer laid their cards on the table before Congress. They inserted this harmless little thing in the appropriation bill, just as they said last year they did not want to do. Do not let anybody tell you today or tomorrow that it is different from last year's provision. Some Members are going to get up here and tell you that.

The distinguished gentleman from Minnesota a few days ago said it was different because this provision provides only for harbor improvement, while the provision last year provided for shore improvement. Study the provision closely. There is not a bit of difference in the world. Here is what Admiral Cooke said last year.

Of the \$5,000,000 proposed, at least \$4,000,000 will be devoted to dredging and breakwater, the remainder being used for a tender pier, seaplane ramps, and parking area.

There was not a single item in the provision last year for shore establishments except that involving a very small power plant. This year they come back and insert this provision in the appropriation bill even though Congress last year flatly refused to authorize the item.

Mr. Chairman, when the bill is read for amendment tomorrow, I am going to offer an amendment to strike out the Guam provision. We on the eastern seaboard sometimes forget the vast distances of the Pacific. I want you to remember that Guam is about 3,800 miles from our nearest naval base, Pearl Harbor, T. H. I want you to remember it is just as far from there as it is from here to Europe. I want you to use your good common sense, regardless of what our naval experts say. I am always glad to take the advice of naval experts when it comes to the question of what kind of guns are best for naval purposes, or what kind of ship is best, but I am not willing to take the advice of these naval experts when it comes to the question of foreign policy. [Applause.]

[Here the gavel fell.]

Mr. PLUMLEY. Mr. Chairman, I yield 8¼ minutes to the gentleman from Michigan [Mr. McLEOD].

Mr. McLEOD. Mr. Chairman, the fear of national bankruptcy is a deterrent to our economic recovery. Today, our national debt, direct and contingent, exceeds \$46,000,000,000, and we are living within a financial structure which at any minute may crumble upon our heads. The first step we must take to reinforce this crumbling structure is to keep appropriations within the bounds of common sense.

Today we are considering an appropriation bill for the Navy Department, a bill which called for over a billion dollars when it was first submitted to the House Naval Appropriations Subcommittee. By diligent wielding of the economy ax, we of that subcommittee have reduced the original request by \$111,699,699. I hope and pray that this House will go along with this committee and support to the very end the attempts to stay within the present debt limit of \$45,000,000,000.

Such a naval program as requested by the administration must visualize the abandonment of our good-neighbor policy, the policy of arbitrating international disputes, the policy of encouraging peace. Do the people of America wish to abandon these policies and incur instead an annual tax burden to support a billion-dollar navy? Do the citizens wish to make America respected not because of her world-wide known tenets and institutions but because of its tremendous sea power? It is all right to say our objective is peace, but too much power only leads to arrogance, it makes bullies and creates enemies. We have but to look at Europe to find a basis for this statement.

Regarding capital ships, it is interesting to note that the Navy's highest officials testified before the Naval Appropriations Subcommittee that two new battleships, costing \$65,000,000 each, will be launched in the spring; and although these huge ships are equal to any craft of other nations at this time, the officials advised against duplicating these battleships because they may soon become obsolete. It is my opinion that this money could have been used more advan-

tageously by building fast, well-armed cruisers of moderate size, submarines, and aircraft carriers. It is also interesting to know that the Navy Department will spend \$216,000 of the people's money this year repairing the 36 top-heavy destroyers. However, as long as we have naval designers who advocate 65,000-or-more-ton battleships for the resulting designing fees, we will have top-heavy destroyers and ships with cracked sternposts.

All attempts to receive estimates from the Navy's top ranking officials on the annual upkeep of a billion-dollar navy met with defeat. I gathered the impression that that was a problem for our children to worry about. It is my opinion that \$750,000,000 would be adequate to support the kind of national-defense peacetime Navy we should maintain.

We must push aside the profit makers and war mongers. Let us ignore the jittery flag wavers and, with prudence, common sense, and an eye to the future, bend our every effort to stay within the tenets of our international policies and within our own income. Let us not be pulled into a war by our overzealous preparations against it.

Mr. Chairman, I wish to call the attention of the Committee at this time to House Joint Resolution 202, which I introduced in the first session of the present Congress and which has been referred to the Rules Committee. This measure proposes the creation of a fact-finding committee of nine members to determine the limit the public debt can reach with a reasonable degree of safety.

The need for such a committee is greater now than ever before. We are running into the red at the rate of over \$14,000,000 each day, or over \$600,000 every hour of the day. Our Budget has now been out of balance for several years. Each year the national debt has been larger and now the administration advocates raising the debt limit to \$50,000,000,000. It is my firm belief that before we take any action in this regard the problem of establishing an ultimate limit to which the debt can go should be thoroughly studied from every conceivable angle by a group of impartial men versed in the ways of finance.

In support of my appeal for consideration of my resolution, may I also call your attention to the testimony of the Secretary of the Treasury, Mr. Henry Morgenthau, during hearings on the Treasury appropriations bill for 1941, wherein he flatly stated that the Treasury Department does not know the danger point beyond which the national debt must not ascend.

Mr. Chairman and Members of the Committee, I ask you, Can this be called mere lack of interest or does it not border on plain incompetence? Surely the question of how far our Government can live beyond its income should be paramount in the minds of this Nation's fiscal officers. And surely it should be foremost in our minds today as we assemble to authorize or cut governmental funds as recommended in the President's so-called rock-bottom Budget.

It is inconceivable to me that after 8 consecutive years of soaring debts, Treasury officials have not taken the time nor the interest to even estimate the limit beyond which the debt can go without plunging this Nation into bankruptcy. Each one of us on this floor today has studied his own accounts, and we know to a close degree just how much we can take out of our own pockets or borrow without wrecking our personal finances. But do the men who administer the Nation's fiscal policies know how much they can spend or borrow of the people's money without throwing the entire country into the abyss of financial ruin? Evidently they do not. But if they do, and it is not at all improbable that a behind-the-scenes study has been made of this problem, the Treasury Department is keeping its findings a dark secret.

I warn you that perhaps we have passed the danger point. Perhaps this knowledge is already in the hands of Treasury officials who, even at this time, are being driven to frenzied and belated attempts to put the Nation's fiscal affairs back on a sound basis before the inner defects of the past 7 years of wildcat financing become apparent to the Nation as a whole and a complete monetary collapse follows.

If we have passed the danger point, this Congress must ascertain and recognize that fact and immediately set about to remedy the situation as far as possible.

In presenting his Budget message to the Congress, the President resorted to what has been termed "astute political strategy." In other words, he submitted his Budget and in effect said:

This is what I think it will cost to run the Nation for 1941. If you do not like these figures or the taxes I have suggested, you have your choice of raising the debt limit or levying additional taxes. Do not forget this is an election year. In presenting this Budget I disavow all further responsibility. It is your problem child.

Mr. Chairman, it is my conviction that the Nation's financial structure should transcend politics. This country was not built upon such a subterfuge, nor should it continue to operate under such artifices. It is no less than monstrous that the administration should see fit to use its citizens' pocketbooks as pawns in a game of political chess.

We must realize that the people of this Nation whose children and whose children's children must carry this burdensome debt are becoming increasingly alarmed by the continued spending that is taking place day after day, year after year. America is beginning to realize that for the first time in the history of the United States laws are being formulated and methods earnestly discussed to keep the administration from rushing the country into bankruptcy. The citizens and voters are awakening to the fact that the President has spent over 58 percent as much as all the other Presidents of the United States put together in the last 144 years, and has almost exactly doubled the national debt. Have the results justified the means? I do not think so.

In speaking of the public debt, let us take a brief look at its history. On September 24, 1917, with the debt slightly over \$4,000,000,000, the Second Liberty Bond Act was enacted setting the debt limit at \$25,000,000,000. This was just prior to this country's entrance into the World War and fiscal experts knew that great expenses would be incurred and that an increased public debt would be inevitable. When the armistice was signed in 1918 the national debt approximated \$24,000,000,000. Then on May 31, 1933, the Second Liberty Bond Act was amended at the request of the present administration, raising the debt limit to \$45,000,000,000. Now, less than 2 years later, but after more than \$8,000,000,000 have been added to the debt, the same administration has dropped the hint that it would appreciate it if Congress would give them an added margin of \$5,000,000,000 before public opinion becomes too aroused over the matter of how much this country owes. May I point out that even though this Congress votes to raise the debt limit to \$50,000,000,000, we have no assurance that this would be the top figure.

No one can say with certainty what another five or ten billion dollars of debt would do to the credit of our Government. Perhaps we could stand the strain and perhaps we could not. Nobody will deny that somewhere there is a limit, and when that limit is reached, if it has not already been reached, the country will be reduced to the state of financial pauperism.

In questioning Mr. Morgenthau before the House Treasury appropriations subcommittee I endeavored to ascertain if it was the opinion of the Treasury Department that we would be faced with the danger of inflation if we agreed to a \$50,000,000,000 or higher debt limit. Mr. Morgenthau replied to my questions by asserting that he thought there would be no danger of inflation with a \$50,000,000,000 debt limit, but beyond that he would "take another look." In other words, we can assume that the Secretary of the Treasury would be willing to bring this Nation right up to the very brink of inflation before he would calculate our economic condition. He would take this risk in order to finance further New Deal economic experiments.

In connection with the testimony which Mr. Morgenthau gave before the House Treasury appropriations subcommittee, it might be interesting to bring out this Nation's position in the world silver and gold market at the present time. Being especially interested in this problem, I endeavored to find out, in the hearings, if the United States is still buying gold and

silver, which we do not need, at boom prices. I attempted to bring out whether this Nation is still playing the part of a yokel boy who would buy the Brooklyn Bridge if it was gilded.

I asked Mr. Morgenthau if the purchasing volume of gold was on the way up or on the way down. Mr. Morgenthau replied that it varied, but pointed out that since 1934 we have been buying all the gold offered us at \$35 an ounce whether we wanted to or not. At the same time, we are buying silver at 71 cents an ounce although the world price is 35 cents an ounce. We will continue to buy silver until it reaches \$1.29 an ounce, or until it reaches one-quarter of the total monetary stock which, according to the Secretary of the Treasury, will never be reached.

In 1934, this Nation had \$4,000,000,000 worth of gold and 690,000,000 ounces of silver. Today we have over \$17,000,000,000 worth of gold hidden in holes in the ground throughout the United States, and 2,900,000,000 ounces of silver which the law also counts as reserve money. Last year alone, we paid foreigners well over \$3,000,000,000 for gold and silver we did not need. Since January 1934, we have paid foreign nations \$11,025,000,000 for silver and gold, not an ounce of which we had any use for. The amount we paid last year for foreign bullion was approximately \$800,000,000 greater than our entire merchandise imports. We can use imports such as rubber, coffee, tin, silks, spices, and minerals, but at the present time, bullion is nothing more or less than a white elephant of preponderant proportions.

Although the United States holds approximately 65 percent of the world's gold supply, the Treasury goes right on spending \$35 an ounce for gold, and double the world price for silver, only to sink these metals in the ground.

The reason I have gone into this situation as brought out in the Treasury hearings is that this huge excess reserve of \$5,500,000,000 has tremendous inflationary possibilities. With no change in our present reserve requirements in the price of silver or gold, or in the amount of certificates issued, the \$5,500,000,000 of excess reserve can support double the present bank deposits or check-book money. Should there develop an increase in the volume of check-book money without a similar increase in the supply of goods and services offered, the domestic value of our dollar would undergo a shrinkage, damaging to holders of savings deposits, life insurance, and wage earners that would have a telling effect on the entire economic life of the Nation. This situation is, to say the least, economically unhealthy, and yet we see no remedy in the offing. The Federal Reserve Board has publicly announced itself helpless to control this inflationary potentiality.

However, this is but one of the financial ills with which this Nation is stricken, and my purpose at this time is to ask for consideration of my bill establishing a fact-finding committee to study the national debt limit and the peak which it can reach with safety.

President Roosevelt, in his Budget message, declared that the public debt is not \$42,000,000,000, as published by the Treasury Department, but some \$7,000,000,000 less than that amount. He based his reduction on the fact that the Treasury holds tangible assets in gold and in stock of Government-owned corporations. This is mere sleight-of-hand bookkeeping, however, for he failed to point out that these same Government corporations have outstanding obligations of their own which are fully guaranteed by the Treasury, in an amount approximately equal to the assets in question.

This, then, constitutes an additional direct and positive debt amounting to over \$1,600,000,000 on account of annual gratuities that have been contracted for to be paid by the United States Housing Authority under the Housing Act. Further, there is approximately \$6,000,000,000 of contingent liabilities where the Government has guaranteed the bonds of different Government corporations. In addition to that amount, there are huge sums of contracts entered into by various local housing authorities which the Federal Government has guaranteed and is responsible for. It is impossible to tell at this time where we stand on these liabilities. The Government also has an obligation under the

Social Security Act, title II, which has been estimated at \$10,000,000,000.

Added to these items are such examples of New Deal budgeteering as the mystic innovation of subtracting the bookkeeping payments of the Treasury, to the old-age reserve account, from both sides of the ledger to make both income and outgo smaller by some \$500,000,000. Put all these items where they belong and the total estimated deficit for this year is around \$9,700,000,000, including debt retirement. The total income will be about \$5,700,000,000, thus leaving a net deficit of approximately \$4,000,000,000, and placing the administration in the position of far exceeding the debt limit.

Mr. Chairman, to my mind the administration's eighth successive deficit Budget is not only imbued with lighter-than-air methods of bookkeeping, but it is a cruelly disillusioning document whose only purpose is to fool the public into believing the Government is operating within its means. The 1941 Budget is one of the greatest tragedies ever to be foisted on our people. It is a "beggarly account of empty boxes."

The House is to be congratulated for its efforts to bring economy back into vogue, in spite of adverse recommendations by the administration. Let us continue to give future appropriation measures the same careful scrutiny and paring the House has given the appropriation measures already considered. Each dollar we save takes us farther away from the present debt limit and the possibility of raising it to \$50,000,000,000.

This Congress must untangle the presto-chango type of budgeteering resorted to by this administration. This Congress must continue to give impetus to the economy tide that it may run deep and cleanse off the spendthrift barnacles which today cling to the hull of the ship of state. No increase in the debt limit should be considered until every unnecessary and excessive item in the 1941 Budget has been eliminated.

Too long has the country gone under the slogan of "spend and lend." We must unfurl the banner of "save for security." [Applause.]

Mr. PLUMLEY. Mr. Chairman, I yield 1 minute to the gentleman from Pennsylvania [Mr. GROSS].

Mr. GROSS. Mr. Chairman, 150 years ago in my county, York County, Pa., cigars were first made in this country. Since that time the business has steadily grown until their cigars have gone all over the world. Those communities have thrived and built large churches and schools.

On Tuesday of this week, due to the wage and hour law, the last cigar factory in one of those important towns closed its doors, throwing its last 200 employees on the rolls of relief or public charity.

These towns and communities in my congressional district where cigars have been made for more than 150 years have grown and been recognized throughout the United States for their thrift and industry and their high standard of living. The banks have prospered as is evident to everyone who comes into the community. Churches and schools have grown likewise. The 200 people thrown out of work this week when the last factory in Craley closed its doors because of the Wage and Hour Act will—many of them—become public charges because of their age and the fact there is no other industry nearby to absorb them.

One factory that paid in 1939 more than \$25,000 in Federal taxes has no assurance that it can continue in operation for any length of time. This is just about the end of a one-time great industry covering a large section of York County. Many of these towns will now become ghost towns simply because of governmental interference with an industry in which thousands were employed and earned honest and honorable livelihood.

Recently the United States Department of Labor issued a permit to learners in this industry. Just why they issued permits to learners in an industry that they are closing up is a question for the Department to answer themselves. Thousands of men and women were denied the right of ap-

prenticeship through recent years because of the Wage and Hour Act and have thus been consigned to the ranks of common labor with the result that today we find ourselves short of skilled mechanics in practically every trade. What the Federal Government should do rather than put people out of work is to leave those who can and would work alone.

Recently the American Youth Congress was flooded with literature definitely declaring that the work that youth could get was too fatiguing. Setting up statistics they showed that many of the high-school girl graduates finally had to do domestic work. Instead of the Government belittling the very things that have made America great, they should be teaching the youth today the dignity of labor and the fact that it is every youth's common obligation to work, whatever his hands find to do. No youth has a claim to a soft job, but he is entitled to it if he can get it.

It was never the intent of the founding fathers that the Government should be interested in every individual and keep them. It is the people's duty to keep the Government. If there is one thing that youth needs today it is to be disciplined and not wet-nursed. There still are opportunities in America for those young people who have the fortitude to run against the stream. They are the only ones who really get anywhere finally, and they are the ones who believe that anything that is worth doing is worth doing well.

The young man or woman who is willing to work and takes a pride in doing that work well will not need a paternalistic Government to be looking after him all the time.

I have on my desk this morning a bill asking for an appropriation to build farm houses and redig wells throughout the South, setting forth the dilapidated condition of what they term "the rural slums." Most emphatically I am against the Federal Government spending money in this fashion. The facts are these houses in the Cotton Belt have not just gone to pieces now. And if the wells are too close to the houses or too far away they are exactly where those people dug them.

Not many years ago when cotton still was "king" the cotton farmers came into York County and purchased our mules, paying anywhere from \$150 to \$500 per head, and they could just as well have been building houses for themselves, or at least keeping them in repair, as spending money for mules as they did. The practice in my county is if a farmer's house needs repair he repairs it. If he has no money to pay someone else to do it he generally gets at it and does it himself, and after all that is the honorable way to do things.

Mr. PLUMLEY. Mr. Chairman, I yield such time as he may desire to the gentleman from Indiana [Mr. SPRINGER].

Mr. SPRINGER. Mr. Chairman, may I take the time of this great body for a few minutes to express a fear which now possesses my entire being, one which has not come upon me in haste, but it is a fear which has developed throughout the entire session of the Seventy-sixth Congress, and which grave fear is that the staggering appropriations which are sought for various agencies and departments of government, when the Treasury is entirely empty and we are operating on borrowed money will eventually rush us into bankruptcy.

We will not forget that we appropriated the vast sum of \$953,360,249 at the first session of this Congress as our Naval appropriation. That huge sum so appropriated was the all-time high during peace times. We are now confronted with the present bill, which comes before us wherein we are asked to appropriate the staggering sum of \$966,772,878 for the Navy Department for the year 1941.

We are not engaged in war. We must avoid any participation in Europe's wars. The people of this Nation do not want any participation in this war across the ocean. We are a peace-loving Nation. It is our desire that we keep our boys and men in the United States of America—and I now think of approximately 30,000 of the fine boys and men in my congressional district, all of military age, who would be required to answer the call in case of our involvement in this war. We must keep out of this war, and I will use every effort of my own to prevent it.

We must not be unmindful that we have our own problems which must be solved. We are in debt to the extent of more than \$42,000,000,000. The appropriation of \$1,100,000,000 has already been made at this session with which to pay the interest on this staggering debt.

We have approximately 10,000,000 of our people who are unemployed, and many of whom are hungry, some of whom are without proper clothing, and a vast number of whom are poorly housed and sheltered. This is one of our problems. We must secure jobs for the unemployed, and it is our duty to care for the needy of our country. This problem comes first. This problem is of greater importance than the vast increase of our Navy at a time when it is already one of the most powerful in the world.

We must not forget that we have a highly important problem in agriculture which must be solved. The policy of restricting farm production in the central portion of our Nation, while at the same time our Government is sanctioning and aiding in the reclamation of untold numbers of additional acres which will be placed under cultivation, is a disastrous policy. Imports which are of a competitive character are further injuring our farmers and their business. And we have the policy which must be solved, which directly affects labor and industry in our land. The policy of permitting imports which are directly competitive with our own production in this country have injured both labor and industry. These problems must be solved—they must be solved in the interest of our own people. They cannot be solved by the endless spending of huge sums of money. How many new battleships, destroyers, submarines, and what not are provided in this bill? Battleships larger than any heretofore constructed are contemplated. A nice big target for a well-timed bomb and it would all be over.

One of the items contained in this bill is the sum of \$3,000,000 for dredging the harbor of Guam. This item appears with sordid innocence in this measure. Guam is located approximately 6,000 miles from San Francisco and it would be quite impossible to defend that island. It is likewise located only 1,700 miles from the Philippine Islands, which we seek to relinquish. It is located approximately 1,500 miles from Japan. This appropriation for harbor construction at Guam was defeated during the first session of the Seventy-sixth Congress, and I hope it will be overwhelmingly defeated at this session. If we make a grant of money for harbor construction at Guam, then we will soon be called upon to appropriate many, many millions of dollars for the fortification of Guam. That will not be all because we will soon be asked to appropriate funds with which to construct an air base on that far-removed island which would cost many additional millions of dollars. While this initial appropriation appears to be insignificant insofar as the amount which is involved, yet the added sums which will surely follow are those which must concern all of us. There is the added danger of our involvement in a foreign war because of our participation in the proposed work at the harbor of Guam, and should we be called upon to fortify it, I shudder at the result which might follow.

I urge that this appropriation for the harbor of Guam be defeated by the House. If you pass this unnecessary appropriation, the day will come when regret will be your response to all who make inquiry about it.

Let us look upon this appropriation in the light of our economic needs at home. Let us stagger the building of a Navy over a period of years, not immediately—not for war, but for peace! Let us save the money which is so sorely needed for our own people at home—and let us first care for the people of the United States of America. [Applause.]

Mr. PLUMLEY. Mr. Chairman, I yield such time as he may desire to the gentleman from Michigan [Mr. BRADLEY].

Mr. BRADLEY of Michigan. Mr. Chairman, we have under consideration today the naval appropriation bill. I intend to discuss a matter of vital concern to the defense of this country, the infiltration of communism into our merchant marine, which is an auxiliary—a most important auxiliary—of our Navy in times of national emergency or war. On the last

day of the special session last fall I was appointed to serve on the Committee on Merchant Marine and Fisheries. Through the press and testimony before the Dies committee I had read and heard about the serious infiltration of communism into the personnel of our merchant marine, not only on salt water but on the Great Lakes as well. I had heard that Communists were in control of the National Maritime Union, an affiliate of the C. I. O., of which union a great many seamen on salt and fresh water are members and which union is now conducting an extensive membership campaign on the Great Lakes. Motivated by a desire to learn more about this reported condition and desirous of learning more about the important question of the defenses of the Panama Canal and of the necessity for a third set of locks at the Canal, I made a trip to Panama just prior to the opening of this session.

My trip was made on the new steamship *Ancon* of the Panama Line, owned by a Government corporation, the Panama Railroad. The *Ancon* is one of three new vessels owned by the Panama Railroad and is one of the latest units of our merchant marine. I understand these three boats represent an investment of \$13,000,000 and, I am happy to learn, were paid for out of the earnings of the Panama Railroad and do not represent the result of an additional deficit appropriation by the Congress. I have been informed these vessels are the tangible result of an extensive study of safety at sea conducted by a board of experts appointed after the disaster to the *Morro Castle*. Many exhaustive tests of safety devices and other factors promoting safety at sea were studied and those found worth while were incorporated in the design of the *Ancon* and her sister ships.

In addition, it is my understanding that our Navy experts were fully and freely consulted and collaborated in the design with the thought in mind that in the unfortunate event of war these ships could better serve as auxiliaries to our Navy. During the last World War the great difficulty and delay that was occasioned by our efforts to employ our merchant marine as auxiliaries came about through the imperative necessity of providing them with protective armament. It was found that, even though the antisubmarine guns were available, they could not be mounted on the ships without considerable reinforcement of the ship's structure being required, which, of course, meant considerable delay. So these boats have been reinforced in advance and space for armament provided. In addition, being equipped with greater safety devices, more watertight bulkheads, more automatic fire doors, and so forth, being equipped with fuel tanks which give them a 10,000-mile range, being faster than average for their size, they are truly an effective addition to our merchant marine in peacetime and an effective addition to our naval auxiliaries in times of trouble. Their accommodations for passengers are splendid, the food is excellent. In many cases in the past the crew has not been provided with either good quarters or good food. No man can do his work or his duty if he has not had an opportunity for adequate rest and relaxation in adequate, clean, healthy quarters or when he is hungry. Therefore, I was glad to see that the crew on these boats had been provided with such living conditions. I have been connected with boats and seamen on the Great Lakes for the past 28 years, yet I have never seen quarters better than those provided for the crew on the *Ancon*.

Mr. Chairman, some interesting things happened on that trip that have since aroused my interest to an even greater extent. I had hardly been in my stateroom 5 minutes before my room steward brought in and introduced to me the National Maritime Union delegate on the boat. It appears that the union has an official delegate on boats on which the union has its members. He not only invited but practically demanded that I talk to the crew. He informed me that on the preceding trip Senators DANAHER and SCHWARTZ had been aboard and talked to the crew. I was glad of the opportunity, more especially when I heard Mr. DANAHER had been booed during his speech. The gentleman from Minnesota [Mr. KNUTSON] was likewise on board and similarly invited to address the crew.

During the ensuing 10 days we were at sea I had studied the crew at every opportunity. It is my sincere belief that most of them are as loyal, red-blooded, 100-percent Americans as I had known and admired, and with whom I had been so intimately and favorably connected so long on the Great Lakes.

When the committee came to get me the night of their meeting I was in conference with the chief engineer discussing some of the mechanical features of the ship and hence asked him if he did not care to join me at the meeting which he did. I presume, from the size of the meeting which was held in a thwartship hallway, just aft of the galley, that most members of the crew who were not on duty were present. The meeting was presided over by the delegate, one Al Rothbart, and was very orderly and businesslike. Several resolutions were adopted, as I recall, and some assessments voted. In particular, I recall they adopted a resolution opposing the further sale or transfer of American ships to foreign registry in violation of the spirit, at least, of the Neutrality Act, with which stand I am in accord and so stated later. In introducing me, the chairman made some rather disparaging remarks about vessel owners in general and with mistreatment of seamen in the past by such owners. Then, in effect, he stated he was not only glad to have me there because I was a member of the Merchant Marine and Fisheries Committee and, as such, could better understand at first hand their problems but also because I was at present, "according to my record," which he said they had checked, or had been the owner of the Bradley Transportation Co.; in other words, I was one of those devilish shipowners to which he has just been referring. Now, Mr. Chairman, I talked to those men for about 20 minutes principally about Americanism. In answer to the introduction, I informed the men that while I was very proud of the fact that it was my father who had organized the Bradley Transportation Co., while he had collaborated in the development of the self-unloading type of bulk freighter on the Great Lakes, and while I was proud of the fact that the largest boat now sailing fresh water bears his name, I had only been an employee of the line, and that I had never owned a share of stock or any other financial interest in it in my life, and that I had severed all connection with the company February 1, 1938, before I announced my candidacy for Congress.

But, Mr. Chairman, I did tell that group that if the stories I had heard about supposed communistic control of their union were true, they, the members themselves, had better rid themselves of such un-American domination and do it promptly before they lost the respect of loyal American citizens. I told them further that if there did happen to be any in that crew who did not believe in our form of government or who preferred some one or other of the European philosophies of government, I would suggest that they might get the first boat abroad and have an opportunity to manifest their enthusiasm by fighting for their pet form of "ism."

Now, Mr. Chairman, what has happened since then. The National Maritime Union has a bimonthly publication known as *The Pilot*. In the next issue of this magazine I am quoted as "owner, or former owner, of the Bradley Transportation Co." Again, and to this I take vigorous exception, in the following issue appears a picture taken of me by a crew member during my speech. My room steward sent me the picture which I hold up here taken from the January 26 issue. You will note the heading at the top of the page in large type "Stop U. S. Ship Sales"—below it is my picture. You will note, and this is just as it was sent to me, it has been carefully cut across the bottom of the picture so that only the exclamation "Stand fast!" appears together with my name. Now, later, this full issue of the publication has been handed to me and you will note the same picture and under it these words "Stand fast! 'Hold on to your hiring halls at any cost!' Congressman BRADLEY tells a crew meeting on the steamship *Ancon* en route to Panama." Mr. Chairman, that is a deliberate misrepresentation. I made no such statement—I did not mention their hiring halls which I

understand is one of their "big moments" at this very time. I want the seamen of the Great Lakes for whom I have such a high regard to know that I made no such statement and that I do not approve of them as I have been informed they are at present conducted. The N. M. U. is conducting a drive to establish hiring halls on the Great Lakes and I believe this is a flagrant attempt to make some Great Lakes seamen believe that I have endorsed them. I most emphatically do not at this time.

What is a hiring hall? It is a place through which mates and engineers hire their seamen for their crew. Mr. Chairman, in sailing, as in every other line of work, experience counts for a great deal, not only in efficiency but also in the safe operation of a ship. Naturally, seniority has always been respected by captains and chief engineers, and I want here to pay my respects to those men. Mr. Chairman, there is no line of endeavor in my knowledge in which men are entrusted, under their sole care and under their complete responsibility and subject to their sole judgment—theirs alone—with a more valuable piece of property commensurate with the amount of salary they receive than a captain, or master, and chief engineer of a steamboat. Here is the *Ancon*, over \$4,000,000 worth of iron and steel and machinery and engineering talent, together with hundreds of human lives, under the sole command, judgment, and operating skill of Captain Swinson and Chief Engineer Peterson while at sea.

Now, Mr. Chairman, I have been informed, on what I believe to be good authority, that Communists are conducting a concerted effort to secure members for their party and that it is their program to have one or more members on every vessel in the American merchant marine, with the probable thought in mind of sabotage in the event of trouble with Russia, which I consider remote, and also to tie up our merchant marine and so prevent shipment of arms, ammunition, and other needed supplies to enemies of the Soviet Union. I am informed they are conducting a systematic membership drive on the Great Lakes right now while the seamen are at home, away from their shipmates, and mainly unemployed during the usual winter lay-up period. I understand there is an operative in my own neighboring city of Alpena, Mich. I warn seamen on the Great Lakes to avoid these men. I warn seamen everywhere to avoid them—they would just as soon sell you down the river as not to satisfy their own greed and get your membership dues and assessments to carry on their nefarious schemes.

In these hiring halls they endeavor to have one of their henchmen in charge. When a call comes in for seamen, they are not selected in order of application nor in order of seniority—the mate or engineer is told the men will be down. Later a "fellow traveler" is selected quietly and told where to report, and another boat is "all set" with a Communist aboard. How can any Member of this body or any good citizen of this country support or advocate hiring halls conducted thus? Until this mode of action is changed I will have nothing to do with it—until seniority rights are respected I will have none of it. That I was deliberately misquoted, maliciously so, I not only again show you the picture clipped out so as to carefully cut off the remarks I did not make, and which evidently my steward knew I did not make, but also I quote from a letter received from the engineer on the boat, as follows:

I noticed your picture in an issue of the *National Maritime Union Pilot*, this voyage, and see they have you quoted as saying in your speech to the crew of the steamship *Ancon* that they should hold onto their hiring halls at all cost. This proved our contention that you might be misquoted, knowing your views on the subject, I am taking the liberty of calling this to your attention. Since I attended the meeting with you and we had no previous conversation on the subject I know no reference was made to the method of hiring seamen.

Your speech was more in the nature of a patriotic pep talk on merchant-marine affairs. It seems to me that they are giving the hiring hall idea publicity at your expense and using a very unfair method of doing it.

Mr. Chairman, the day following my speech on the *Ancon* I talked to a number of members of the crew. They told me

they were glad Congress knew that their union was being run and dominated by Communists and that they felt helpless to do anything about it. They knew that members of the Communist Party were on their ship, that they knew who they were and that they felt certain the delegate Rothbart was one. I have since been told that he is what is known as a courier and that at one time he was on the New York to Havre, France, run. A "courier" is one whose duty it is to carry their money and confidential papers back and forth between their international agents. Mr. Chairman, it is time to wake up, it is time to rid the American Merchant Marine of those whose master is Stalin in Russia; it is time that this Congress gives definite tangible support to the thousands upon thousands of loyal American seamen in their efforts to thwart this menace to their source of livelihood.

Mr. PLUMLEY. Mr. Chairman, I yield myself the balance of my time.

Mr. IZAC. Mr. Chairman, I yield to the gentleman from Vermont the balance of our time, 12 minutes.

JUST COMMON SENSE

Mr. PLUMLEY. Mr. Chairman, I am not attempting to make a speech. I would like to think out loud about this naval appropriation business. It has been a headache for me for 3 years and more. I am not a pacifist. I know I am no naval expert or strategist. I make no claims as such. I speak as one who has a lot to learn and knows it, but some things I hear do not make sense even to a landlubber. Perhaps I overestimate the importance of what I may think about it, anyway, but here are a few random thoughts for what they are worth.

In the first place, may I say that I do not wish to be misunderstood with respect to my position concerning sufficient appropriations for the Navy. I am for reasonable and necessary preparedness first, last, and all the time. I will vote to appropriate every cent the expenditure of which can be justified as necessary for our immediate or early use in order properly to defend this country now or in the future. I have so voted in supporting the bill before you in committee.

I will not vote to endorse the authorization or the appropriation of expenditures for construction that cannot be made for years to come merely because it seems to some people an opportune time to take advantage of the war-furor-engendering emotionalism.

There is no emergency now that has not at least existed in futuro for the last 4 years. This proposed naval-expansion program, if what we are now told is so, should have been presented from 4 to 7 years ago, in view of what it is alleged the Navy then knew with respect to probable world conditions.

THE SUGGESTED PROGRAM

The program now proposed might well have been suggested 4 years ago, if at all, if so urgent as is insisted. The necessities now urged as so compelling are very little if any more urgent than in 1935 or 1939, if we can believe what we have heard heretofore.

The war in Europe is not our war, and the situation has been threatening for years. Our major responsibility is to prepare ourselves for defense. That has been our major problem. It is not new.

We have heretofore authorized and appropriated money for a program which cannot be completed for 4 years at the earliest—some say 7 years. Why be excited into further action by an alleged emergency that does not exist any more now than for 4 years.

Speaking generally, the facilities for naval construction are taxed to their utmost—yards, docks, ways, machine shops are filled with ships, men, and material.

There is no place, unless we make it, or them, where we could do a thing looking toward really accomplishing very much along the line of construction for the new program.

Every qualified ship mechanic is busy on the old program and will be for from 4 to 7 years. The number of apprentices is limited. The man supply of competent shipbuilders is utilized to the last man today.

SHORTAGE OF FACILITIES

With respect to the shortage of facilities and men, you might read pages 661 and the following of the hearings. Among other statements, you will find these:

Admiral VAN KEUREN. There is still some shortage of draftsmen in the navy yards particularly, and some private yards, and every effort is being made to train draftsmen by taking young college men and giving them an intensive course right on the job under the instruction of a competent man, and that is proceeding very satisfactorily in all navy yards and many private yards.

Mr. CALDWELL. At what stage of construction do you find the bottlenecks, usually?

Mr. VAN KEUREN. They begin to show up in the machine shops about a year from the receipt of the contract, when they begin work on such things as auxiliary machinery and turbines, the production of gears, and so on, because the capacity of practically all machine shops is limited.

Mr. CALDWELL. What you really need is some more navy yards, is it not?

Admiral ROBINSON. Yes, sir; we need about five or six more at this particular moment.

Mr. CALDWELL. And those navy yards ought to be placed in some other part of the United States, to get around the congestion of the short scope of the Atlantic coast, don't you think, Admiral?

Admiral ROBINSON. That undoubtedly would have to be done; yes, sir. The question of navy yards, of course, is like everything else—you need a whole lot of them at certain times and you do not need so many of them at other times. Right now we could use about twice as many as we have got, and, as you say, they would have to be placed in other parts of the United States that are not bottlenecks on labor right now.

Admiral VAN KEUREN. I was going to say one big factor in using shift work is that you cannot get proper supervision. The number of men available for supervisors is limited. You have to have a highly skilled man and one who can handle a gang of men to make a good supervisor out of him.

And we have found at the navy yards—and I have just come from one a few months ago—such men simply are not available. It takes time to build them up. If we had a war emergency for 3 or 4 years, probably you could train up these men, but most navy yards and private yards—I have talked to a great many of them, and their managers tell us that the lack of supervisors is one vital defect in using shift work. Furthermore, you cannot work as well under artificial light and under the conditions they have to work under at night as they can work in the daytime.

Another factor is in certain trades there are actually shortages of skilled men. Take the ship fitters, the mold loftsmen, and even the coppersmiths and pipe fitters—up to the time I left Philadelphia there were shortages in those trades. Those shortages are being met by training young men, helpers and apprentices, as fast as we can train them.

Mr. CALDWELL. That shortage is being kept a deep, dark secret outside of Philadelphia, though, and the shipyard centers. I have no doubt in my mind if it were made known that you wanted competent men for that work you would be swamped with applications.

Admiral VAN KEUREN. No, sir. I have had something to do with that. We advertised all over the United States; we have gone out in the shipbuilding districts of the Great Lakes, and gone to the South, and everybody, all the labor boards, have had the same story to tell—that men cannot qualify for the positions which we want them to fill. You will get plenty of applications, but when you investigate them, the men have actually had no experience in that trade. We have had men to apply for "loftsmen" and when we investigate their experience we find they were loftsmen in a clothing factory, or something of that sort. They do not understand the specifications for these trades.

Mr. McLEOD. What efforts are being made to build up those trades—any?

Admiral VAN KEUREN. Efforts are being made in the shipyards themselves by taking men who have helpers' experience and increasing the number of apprentices. That is the only satisfactory way you can get skilled men.

ADMIRAL LEAHY'S STATEMENT

As late as March 27, 1939, Admiral Leahy told the subcommittee that the estimates of the Navy Department, conforming to the usual procedure, were prepared after a detailed study of the Navy's responsibility for national defense and its present means of meeting that responsibility. That is what he said. It is significant. The conclusions reached as a result of the study, and as approved by the Secretary of the Navy, he said, were presented to the various bureaus and offices of the Department to be used as a basis for their detailed plans and Budget estimates.

"The operating force plan," said he, together with the "assignment of vessels in the organization of seagoing forces of the United States" and the "fleet employment plan," are derived from this study and prepared by the Chief of Naval

Operations. The operating-force plan sets forth the vessels and aircraft to be kept in commission and operated during the year, and the organization of the fleet marine force, as required to fulfill the mission imposed by the current approved policies.

All items in the current estimates which have to do with operating the forces afloat and providing them with personnel are based directly upon the requirements of the operating-force plan and are essential to the accomplishment of the plan. Any reduction in the funds allowed for these items would therefore result in curtailment of the plan and of the forces afloat.

Mr. SCRUGHAM. The operating-force plan covers all auxiliaries and subsidiaries in the way of shore stations.

Admiral LEAHY. That is correct. The operating-force plan includes all auxiliaries, shore stations, aircraft, personnel, and all the elements of naval power.

Mr. SCRUGHAM. And it is necessary that the shore facilities keep up with the seagoing operations.

Admiral LEAHY. Yes; the shore facilities are as necessary as the equipment used in the operations.

Funds requested in the present estimates for shore facilities which exist for the support and maintenance of the forces afloat are directly related to the requirements of the projected operating force plan and of future plans, so far as they can be foreseen.

The political conditions in the world today have not improved since last year. All the major powers are continuing to expend their maximum efforts toward rearming on both land and sea. It is very evident that the present moment is not one when the United States can safely reduce the present extent of its preparations for national defense without jeopardizing our national security. We should continue to maintain our existing national-defense establishments at their highest efficiency, complete as soon as possible and practicable the projects now underway to improve or augment the existing establishments, and provide those features which are still lacking and which are vital to the efficiency of the national defense at sea.

The United States may be brought suddenly face to face with a situation that it had no part in creating and over which it may have no control, and for that reason, in determining estimates for the Navy, conditions in the world on all sides of us must be considered. The strength of our Navy as compared with the strength of the navies of other great naval powers must be given serious consideration.

In view of the rapidly changing alignment of European understandings and alliances, and the agreements as to community of interests between nations of Europe and Asia, it is essential that America should take steps toward an assurance of security even against possible alliances, and without depending upon assistance from any foreign source.

NO REQUEST FOR EXPANSION OF FACILITIES

It is interesting to note that no request for the appropriation of funds for the expansion of facilities was made in the 1940 application. With regard to this matter Admiral Leahy went on to say:

The estimate figures submitted by the various agencies of the Navy Department have already been pruned to a minimum consistent with what are considered the needs for reasonable national security.

Please take note, "the needs for reasonable national security," he said:

It would therefore, in my opinion, be jeopardizing national security to reduce the present number of vessels and aircraft in active service, to fail to man the fleet effectively with officers and men, to delay the authorized ship-building and aircraft-building programs, or to fail to build up the shore establishments and reserve stocks in support of the fleet.

We took him at his word.

It is my opinion that the prospect of international disturbance in the near future fully warrants expediting the authorized naval-building program as much as is practicable with the facilities that are available or that can be made available.

We went along with him.

These estimates, however—

He said—

do not contemplate the provision of additional facilities.

Mr. PLUMLEY. May I interrupt at this point? Admiral Leahy, do I understand that in your judgment the existing situation does not justify the provision of additional facilities for expediting the authorized naval-building program as much as is practicable with the facilities that are available or that can be made available? These estimates, however, do not contemplate the provision of additional facilities for expediting the authorized naval-building program.

Admiral LEAHY. That was not my intention. The present situation would, in my opinion, warrant an expansion of facilities wherever such expansion would be advantageous to our program; but my

statement was that this appropriation does not request funds for expansion of facilities.

The existing naval personnel and material are correctly measured by the degree to which they satisfy the requirements of the current operating force plan, and by the extent to which they are adapted to adjust themselves to cover future similar plans. It is in this light that the present situation will be reviewed briefly and it is with the related necessities in mind that the present estimates have been prepared.

Future plans and related necessities, covered satisfactorily in 1939, or so we were given to understand, and the possibility of an alleged emergency was right out in front in each and every discussion, on and off the record. So what?

So it is obvious that facilities and trained shipbuilders from the carpenter to the expert radio engineer are just non-existent and in such number as even to suggest the impossibility of accomplishing anything with a construction program, were one adopted or authorized.

There is no sense in tying up a lot of money on a program that cannot be carried out; not to say for one for which there is no present necessity.

It will take, as I have said again and again, 4 to 7 years to complete the present program. The war in Europe will be over before that time. Or will it? Or, says somebody, we will be in it. Well, supposing we are in it by that time; of what use will this proposed program be in that event? None of the ships, or at least only a few, contemplated in the proposed program can or would be constructed. That, in short, is the situation as I see it.

PROGRAM SHOULD BE COMPLETED

The thing to do is to complete as rapidly as may be the program which 2 and 4 years ago we were advised or given to understand was sufficient to meet any and all emergencies, present or future; do not forget that.

On the other hand, I am not so sure—and assumedly neither is the Navy—that the present program should be carried out in particularity as laid down. A good many competent people think, and with reason, that two of the 45,000-ton battleships is enough of that type for all time. And, by the way, construction of these has not commenced, as you and I understand the meaning of the word "construction."

There are those who contend that the next great naval battle will be fought in the air. Maybe so. That being so, if so, suggests that certainly two 45,000-ton battleships at from \$75,000,000 up are enough for targets for enemy airplanes.

As I have said, I repeat, that since one 55,000- to 60,000-ton battleship can and would defeat two 45,000-tonners, if we are going to build battleships we better have one of the bigger type than two of the smaller, especially since the larger would cost, we are told, not more than two-thirds as much as the two smaller.

If you can build a 55,000- to 60,000-ton battleship for \$100,000,000 to \$120,000,000, that can overpower two 45,000-tonners, why spend \$160,000,000 to \$180,000,000 on the two? Why not save money and get a real champion?

Cannot get through the Canal, they say. The answer is found in the fact that by the time that any of the big ships are constructed and launched it is very probable that the new locks at Panama will have been completed. The locks as contemplated will permit easy passage of bigger ships than any we have heard talked about, or they should not be built. That is as plain as your nose.

In the present depleted state of the Treasury we should not be induced by any enthusiasm, superinduced by war fever, to run hog wild in the authorization of or appropriation of money for the building of ships that cannot be constructed, anyway, because of lack of men and facilities wherewith to accomplish the task to which we set ourselves. It just does not make sense.

CUT TO THE BONE

So, I say, we should cut to the bone every appropriation sought to be justified by an emergency that does not exist, for the expenditure of money for the construction of additional ships that we cannot build and do not now need.

The necessary millions for necessary defense should be forthcoming. The taxpayers will so agree. But not a cent

for gestures, nor a cent to permit a group of we-must-police-the-world people to plunge us into an orgy of spending, unjustified, unwarranted, and indefensible under existing economic conditions. The sad commentary that can truthfully be made is that if we do not change economic conditions in this country by putting a stop—and now—to the reckless spending of the taxpayers' money like drunken sailors, we will have nothing to defend.

I may be wrong. It has happened, and may again, but it seems to me that taking advantage of the "keep out of war" state of mind of the American people, the ammunition and munition makers, the steel fabricators, the airplane manufacturers, the money lenders, together—may I say it—with the Commander in Chief, have undertaken to go "hog wild" on a spending spree for building up a Navy program, which, in my judgment, is not required by the United States in order properly to defend itself or to enforce the Monroe Doctrine. As with a family, so also with the Nation; what we would like to have, could we afford it, and what we must have and can afford, are matters for careful consideration.

For more than 3 years now I have been listening to the testimony of naval experts and have consulted authorities recognized as such, outside the Navy. Reduced to a brief statement the situation stripped of all its scareheads and propaganda, as I see it, adds up to the fact which the American people are entitled to know, that for reasons outside of our own situation we are relatively secure in the Pacific, even without a Pacific fleet. There may come a time when we may think it wisdom to build and maintain a Pacific fleet. However, we are today not secure in the Caribbean, though we are fairly so in the north Atlantic, if the experts are to be relied upon.

In this bill we are appropriating necessary money for continuing the construction of two 45,000-ton battleships, which, when launched, will be the fastest battleships in the world, even faster than any heavy cruisers now afloat, or so they say.

I feel that if we were to appropriate the money, now, for any more of the 45,000-ton type we would do it knowing it would be from 5 to 7 years before one of them could be launched, during which time the type itself might become obsolescent, if not obsolete. History repeats itself.

Dr. Oscar Parks, editor of *Janes Fighting Ships*, states, as quoted in *Esquire* for December 1939—

That naval designers now regard a displacement of 50,000 or 55,000 tons as the minimum on which it is possible to combine sufficiently powerful guns, an adequate antiaircraft battery, satisfactory deck and belt armor, an effective protection against torpedoes.

The big battleship is not only a more efficient fighting machine and a better tactical unit but also, ton for ton—and it may be emphasized again that what is being pointed out is not ship-for-ship but ton-for-ton superiority—a cheaper weapon. If we continue to trail Japan in the size of our battleships, Japan may not find it impossible to acquire a real naval strength fully equal to ours. What we may expect is that by the time we have begun work on 45,000-ton ships Japan will be found to have started on 50,000- or 55,000- or 60,000-ton battleships.

The subcommittee had information to the effect that the leading naval powers, in spite of their different strategic needs which have dictated smaller ships, are building even larger and more powerful battleships. The universal adoption by other nations of this principle of larger and more powerful battleships must be founded on sound technical and tactical reasons by experts skilled in the art.

So it seems to me that inasmuch as the proposed capital ships will not and cannot be completed and ready for service until more than 4 years have elapsed, nothing will be lost and definite advantage will be gained by making all such new ships superior in every respect to the pending foreign construction.

IMITATING AND MATCHING OUT OF THE WINDOW

I am definitely of the opinion that the time has arrived for the United States to cease imitating and merely matching

foreign nations with respect to the power of battleships. This Nation should take a position with respect to the size and power of battleships, if they are to be built, consistent with the fact that it is the largest, richest, and most powerful nation in the world and hence should make use of its economic strength to protect itself with incomparably more powerful ships and in such numbers as will maintain a preponderance of power over other nations, and thus insure the protection of the United States.

In an article in the *Esquire* magazine of December 1939 on our naval dilemma certain statements are made which are interesting, to say the least. You will find reference to it and certain quotations therefrom and comments thereon on page 249 of the hearings. For example, the gentleman from Nevada [Mr. SCRUGHAM] asked Admiral Robinson if he had read the article and he said he had, then the gentleman from Nevada [Mr. SCRUGHAM] said:

Mr. SCRUGHAM. Now, I have referred to an article in the *Esquire* magazine of December 1939 entitled "Our Naval Dilemma." Have you read this article?

Admiral ROBINSON. Yes, sir.

Mr. SCRUGHAM. I have no intention of questioning you on anything other than engineering and construction phases of the article. It is stated here:

"Dr. Oscar Parks, editor of *Janes Fighting Ships*, states that naval designers now regard a displacement of 50,000 or 55,000 tons as the minimum on which it is possible to combine sufficiently powerful guns and adequate antiaircraft batteries, satisfactory deck and belt armor, and effective protection against torpedoes."

Do you regard that as a correct statement?

Admiral ROBINSON. Well, I would say it is relatively correct; or, to be more specific, I think unquestionably you can answer those particular things he mentions better on a big ship than you can on small ones. Or, to put it another way, ton for ton, you can get more speed, or armor, or guns—whichever you happen to want—on a big ship than you can on a small one. I think that is practically axiomatic and pertains to any class of ship which you are talking about.

POLICY OF THE JAPANESE NAVY ON BATTLESHIP CONSTRUCTION

Mr. SCRUGHAM. There is another statement discussing the policy of the Japanese Navy:

"The success of Japan's policy, as far as the United States is concerned, has depended largely on congressional inability to see why one large battleship should be better than two smaller ones—an inability which has, at times, forced the Navy to build ships even smaller than those we had completed before."

That probably is a technical question. What have you to say about that?

Admiral ROBINSON. Of course, what he is referring to there is the fact that up to fairly recent times—I do not know the exact year—Congress did specify the size of ships, either by the actual tonnage, or limit of cost—one or the other, and sometimes both—and that did limit the size of ships.

Mr. SCRUGHAM. But no such limitation now applies in any sense whatever?

Admiral ROBINSON. There is no such limitation now; no, sir.

Common sense, I say, suggests that many things can happen in the advancement of science in the art of naval construction in the next year or two or three or four, or while we are constructing the two that have been authorized, that cannot be completed for 4 years at least.

COULD NOT BUILD IF TEN BILLIONS WERE APPROPRIATED

Moreover, let me repeat, we are confronted by the fact that we could not presently build any more if we appropriated \$10,000,000,000. There are at present, as I have said, no men competent to build a large number of them; there are insufficient facilities for building them. You cannot make the necessary type of naval architect or mechanic overnight. All the competent available architects and mechanics are now employed. We have no private or Government yards that are not now, or are not to be choked to capacity with ships in process of construction, actual or contemplated, under the program authorized. Where are they to be built?

It is dumbness for us to be swept off our feet or scared to death by the ghosts of the necessity for unlimited spending for a naval construction for many years ahead of us that just cannot be accomplished.

ARE WE WASTING MONEY AT GUAM?

I am wondering if every cent we spend at Guam or Wake or Midway, except to make them stepping stones in times of peace and to secure the safety of landing planes and the lives of the pilots and crew is not wasted. Do not forget that as

we undertake to invest the taxpayers' money we should realize that we have declared our policy with respect to the Philippines. We are out of the Philippines in 1946. Or are we?

Were there to be a war with Japan, which under existing world conditions is not so imminent as some would try to believe, or scare us into thinking, for we want no war with Japan, and Japan really does not want one in which the United States Navy is on the side against Japan. Do not forget that what we would eventually do to Japan is just too bad to contemplate, and Japan knows it, despite all her bluster and big talk, but were war declared or commenced Guam and Wake and Midway would be taken by Japan overnight; everybody knows this, too. We might retake them. We would eventually if we thought they were worth the price we would have to pay; being out of the Philippines?

I am not seriously impressed by all the talk with reference to the alleged defensive necessity for the military fortification of Guam. I am, however, oppressed by a sense of the possibility of a personal responsibility which might attach itself to me for the death of pilots and/or passengers killed at Guam due to my failure to undertake to help try to provide safe landing opportunities. I cannot escape from that thought.

As against this Japanese possibility it is generally agreed, as I have heard stated over and over, that Japan cannot spin a thread offensively against us until and unless she takes Hawaii. She cannot take Hawaii in months, if ever. The only intermediate station for Japan, so naval experts tell us, is Hawaii. Hawaii controls the Pacific; and so long as we continue to make and do make and keep it the American Gibraltar, the impregnable fortress of the Pacific, Japan can bring no war to our shores. That is that! Remember it!

ALASKAN BASES

It is not to be overlooked, however, that as a precautionary measure we should strengthen our Alaskan bases, though, strategically speaking, I have heard it insisted by those who ought to know that the possibility of a successful attack by Japan on the western coast or from a Mexican base may be dismissed as practically impossible of accomplishment.

It is moreover conceded that we will have to defend the Dutch West Indies and the countries of eastern South America and Canada, if we undertake to defend and enforce the Monroe Doctrine, in the interest of our own safety and security, if and when these places are or may be threatened or attacked. Obviously, we will have to do some other things then or before that date in order to defend ourselves, but we will not have to do all of them at once or just now.

Of one thing I am positive, namely, that we need more and better air bases in the Northeast. I also know that we should be glad and willing to spend the necessary money to protect the Panama Canal—and I mean protect it—and ourselves.

I have already said much more in a rambling, disconnected manner than I intended to say when I started. Yet I have only skimmed the subject, or touched the edges, hoping to excite your interest.

I am confident that not a single cent of cut of any appropriation made in the bill under consideration adversely affects the right, power, or our opportunity for the sufficient and complete defense of our country. It admittedly does preclude the unnecessary spending of some of the money that might be experimentally expended were Uncle Sam a Croesus, money mad, or out to shoot up the world on a navy-building spree at the taxpayers' expense.

Let me again reiterate that you cannot fail to observe, if you read the hearings of the last few years, and especially those of last year, that in support of a program covering "what are considered the needs for reasonable national security" in 1939—the Navy's program—"the rapidly changing alignment of European understandings and alliances," and the matter of "security even against possible alliance," and other phases of the world situation were gone into exhaustively by Admiral Leahy.

STRAW-MAN BOGEY OF FOREIGN COALITION

Under what bed was this straw-man coalition bogey hiding at that time? If the statements made to us then were to be relied upon, it follows that the statements now made are not.

SCARECROW OF COALITION

This scarecrow of coalition has a strangely familiar look. He is found on many pages of history and sticks out like a sore thumb again and again in the CONGRESSIONAL RECORD of days gone by. He is always susceptible of resurrection when it is necessary to try to scare somebody.

This is no time to be scared. It is our business as legislators to keep this country out of war, and one way to do that is to keep our legislative appropriative feet on the ground. The oceans, I assume, are no narrower, and our defenses certainly should not be more inadequate, than when in 1938-39 we accepted and adopted and provided for carrying out a program offered and guaranteed by the Navy to secure us adequate national defense.

NO MILITARISTIC DOMINATION WILL BE TOLERATED

In conclusion I am constrained to say that it is time for some plain talk. It should be understood that we will tolerate no militaristic domination here in the United States, such as obtains in Japan, and we propose to step on its head if and when it shows itself.

We just will not permit any such arrogant assumption of governmental functions and prerogatives on the part of any department of this Government.

Now, nobody takes any exception to the enthusiasm and initiative of the admirals or of the generals with respect to the orderly progress and development of their respective departments, but when they or any of them undertake to dictate to Congress, as some of them are charged with having attempted to do, they are just out of line.

I know that we have the finest Army and the best Navy in the world. Each led by men who are fully and completely competent and trained for commanding such magnificent outfits. I am proud of them, and of their accomplishments and their potentialities, but obviously the time has come to remind some of them politely, but nevertheless emphatically, that despite what they may think with regard to their competency, it nevertheless is a fact, as has been said, that military policy is the province primarily of the civil as distinguished from the military power of the state. It is for the civil power to determine higher ends of state policy and to provide the military power with the instruments necessary to support or if need be to defend the policy so adopted. It is for the soldier to advise as to the sufficiency of those instruments, but the determination of policy is not his province save in a state where the military power is supreme or nearly so, as in Japan.

I hope it will be considered apropos to recall here and now what Napoleon said with respect to the clergy when he was criticized for having imprisoned Pope Pius VII. Said he, "The activities of the clergy must be defined and restricted to their proper sphere, within the church. I will run the state." As to the clergy, "Roi, dans le temple, sujet, a la porte," said he. [Applause.]

The CHAIRMAN. The time of the gentleman from Vermont has expired. All time has expired. The Clerk will read.

The Clerk read the bill down to and including line 6, page 1.

Mr. IZAK. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker pro tempore having resumed the chair, Mr. BLAND, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the Navy Department and naval service appropriation bill, 1941 (H. R. 8438), had come to no resolution thereon.

EXTENSION OF REMARKS

Mr. PLUMLEY. Mr. Speaker, I ask unanimous consent that the gentleman from Wisconsin [Mr. KEEFE] may be

permitted to insert two brief resolutions in the remarks he made this afternoon.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Vermont?

There was no objection.

Mr. SCRUGHAM. Mr. Speaker, I ask unanimous consent that all Members who have spoken on the Navy Department and naval service appropriation bill may have 5 legislative days in which to extend their remarks in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Nevada?

There was no objection.

Mr. MUNDT. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein a newspaper article from the Chicago Herald-American.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from South Dakota?

There was no objection.

Mr. MYERS. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein two editorials from a Philadelphia newspaper.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

ADJOURNMENT

Mr. SCRUGHAM. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 10 minutes p. m.), under its previous order, the House adjourned until tomorrow, Friday, February 16, 1940, at 11 o'clock a. m.

COMMITTEE HEARINGS

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

There will be a meeting on Monday, February 19, 1940, at 10 a. m., before the petroleum subcommittee of the Committee on Interstate and Foreign Commerce. Industry will be heard.

COMMITTEE ON FOREIGN AFFAIRS

On Tuesday, February 20, 1940, there will be a meeting of the Committee on Foreign Affairs at 10:30 a. m., to consider H. R. 8446, to amend the act entitled "An act for the grading and classification of clerks in the Foreign Service of the United States of America, and providing compensation therefor," approved February 23, 1931, as amended, and H. R. 7809, authorizing the reconstruction or replacement of certain bridges necessitated by the Rio Grande canalization project and authorizing appropriation for that purpose.

COMMITTEE ON MERCHANT MARINE AND FISHERIES

The Committee on Merchant Marine and Fisheries will hold hearings at 10 a. m. on the following dates on the matters named:

Tuesday, February 20, 1940:

H. R. 4079, to amend sections 4353 and 4355 of the Revised Statutes of the United States.

H. R. 6751, to repeal certain laws with respect to manifests and vessel permits.

H. R. 5788, to amend the present law relating to the delivery of ships' manifests to collector of customs by excluding Sundays and holidays from the time within which such delivery may be made by the master.

H. R. 5789, to amend the present law relating to the delivery of ships' manifests to collectors of customs by excluding Sundays and holidays from the time within which such delivery may be made by the master.

Friday, February 23, 1940:

H. R. 7639, to provide for the examination of civilian nautical schools and for the inspection of vessels used in connection therewith, and for other purposes.

COMMITTEE ON THE CENSUS

Beginning Tuesday, February 27, 1940, the Committee on the Census will hold hearings on the reapportionment of Representatives in Congress.

COMMITTEE ON PATENTS

The Committee on Patents, House of Representatives, will hold hearings Thursday, March 14, 1940, at 10:30 a. m., on H. R. 8445, to protect the United States in patent-infringement suits. H. R. 8445 is a substitute for H. R. 6877.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1394. A letter from the Acting Secretary of the Treasury, transmitting a proposed bill to provide for the enlargement of the Coast Guard depot at Seattle, Wash., and for the establishment of a Coast Guard servicing base at or near Chattanooga, Tenn.; to the Committee on Merchant Marine and Fisheries.

1395. A letter from the Acting Secretary of the Treasury, transmitting a proposed bill to authorize an increase in the White House police force; to the Committee on Public Buildings and Grounds.

1396. A letter from the Acting Secretary of the Treasury, transmitting a proposed bill designed to enable the Government to use more effectively the charge of conspiracy in suppressing counterfeiting and other offenses against currency, coinage, etc.; to the Committee on the Judiciary.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. ELLIOTT: Joint Committee on the Disposition of Executive Papers. House Report No. 1602. Report on the disposition of records of the United States marshal for the northern district of Texas, by the Department of Justice. Ordered to be printed.

Mr. ELLIOTT: Joint Committee on the Disposition of Executive Papers. House Report No. 1603. Report on the disposition of records in the General Accounting Office. Ordered to be printed.

Mr. JARMAN: Committee on Printing. House Concurrent Resolution 45. Concurrent resolution authorizing the printing as a document the various proceedings in commemoration of the one hundred and fiftieth anniversary of the commencement of the first session of the Supreme Court of the United States (Rept. No. 1604). Referred to the Committee of the Whole House on the state of the Union.

Mr. JARMAN: Committee on Printing. House Concurrent Resolution 46. Concurrent resolution authorizing the printing of additional copies of the hearings held before the Committee on Ways and Means of the House of Representatives, current session, on the resolution (H. J. Res. 407) to extend the authority of the President under section 350 of the Tariff Act of 1930, as amended (Rept. No. 1605). Referred to the Committee of the Whole House on the state of the Union.

Mr. CELLER: Committee on the Judiciary. H. R. 7343. A bill to amend certain laws governing Federal prisoners, and for other purposes; with amendment (Rept. No. 1606). Referred to the Committee of the Whole House on the state of the Union.

Mr. KRAMER: Committee on Patents. House Joint Resolution 433. Joint resolution to protect the copyrights and patents of foreign exhibitors at the Golden Gate International Exposition, to be held at San Francisco, Calif., in 1940; with amendment (Rept. No. 1607). Referred to the Committee of the Whole House on the state of the Union.

Mr. DARDEN: Committee on Naval Affairs. S. 2284. An act to amend the act of May 4, 1898 (30 Stat. 369), so as to authorize the President to appoint 100 acting assistant surgeons for temporary service; without amendment (Rept. No. 1608). Referred to the Committee of the Whole House on the state of the Union.

Mr. MAGNUSON: Committee on Naval Affairs. S. 3012. An act to amend the act entitled "An act making appropriation for the naval service for the fiscal year ending June

30, 1903, and for other purposes," approved July 1, 1902 (32 Stat. 662), relative to the payment of the commuted rations of enlisted men; without amendment (Rept. No. 1609). Referred to the Committee of the Whole House on the state of the Union.

Mr. MAGNUSON: Committee on Naval Affairs. H. R. 7081. A bill authorizing the Secretary of the Treasury to sell certain surplus land owned by the United States in Bremerton, Wash.; with amendment (Rept. No. 1610). Referred to the Committee of the Whole House on the state of the Union.

Mr. FAY: Committee on Naval Affairs. S. 2879. An act to authorize the posthumous appointment of the late Arthur Mortimer Fields, Jr., to be an ensign of the United States Navy; without amendment (Rept. No. 1611). Referred to the Committee of the Whole House on the state of the Union.

Mr. LUCE: Committee on Patents. S. 547. An act to amend section 23 of the act of March 4, 1909, relating to copyrights; without amendment (Rept. No. 1612). Referred to the House Calendar.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. MOTT: Committee on Naval Affairs. S. 2157. An act for the relief of George H. Eiswald; without amendment (Rept. No. 1613). Referred to the Committee of the Whole House.

CHANGE OF REFERENCE

Under clause 2 of rule XXII, the Committee on Pensions was discharged from the consideration of the bill (H. R. 3738) for the relief of Willard Twitchell, and the same was referred to the Committee on World War Veterans' Legislation.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BYRON:

H. R. 8493. A bill to provide pensions, compensation, retirement pay, and hospital benefits to certain Reserve officers of the Army of the United States; to the Committee on Military Affairs.

By Mr. HARTER of Ohio:

H. R. 8494. A bill to create the grade of chief warrant officer in the Regular Army; to the Committee on Military Affairs.

By Mr. JACOBSEN:

H. R. 8495. A bill to extend the times for commencing and completing the construction of a bridge or bridges across the Mississippi River at or near the cities of Dubuque, Iowa, and East Dubuque, Ill., and to amend the act of July 18, 1939, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. LANHAM:

H. R. 8496. A bill relating to the employment of United States citizens in the Canal Zone, and for other purposes; to the Committee on Merchant Marine and Fisheries.

By Mr. LESINSKI:

H. R. 8497. A bill to extend existing immigration preferences and priorities to certain Polish orphans and refugees under the age of 16 years who resided within the boundaries of the Republic of Poland at the time of the German invasion of Poland on September 1, 1939; to the Committee on Immigration and Naturalization.

By Mr. WHITE of Idaho:

H. R. 8498. A bill to authorize the Secretary of the Interior to permit the payment of the costs of repairs, resurfacing, improvement, and enlargement of the Arrowrock Dam in 20 annual installments, and for other purposes; to the Committee on Irrigation and Reclamation.

By Mr. ROGERS of Oklahoma:

H. R. 8499 (by departmental request). A bill relating to adoption of minors by Indians; to the Committee on Indian Affairs.

By Mr. DEMPSEY:

H. R. 8500. A bill authorizing the Secretary of War to execute an easement deed to the State of New Mexico for the use and occupation of lands and water areas at Conchas Dam and Reservoir project, New Mexico; to the Committee on Flood Control.

By Mr. JENSEN:

H. R. 8501. A bill to authorize the construction of flood-control works at Council Bluffs, Iowa; to the Committee on Flood Control.

By Mr. MACIEJEWSKI:

H. R. 8502. A bill to amend the Immigration Act of 1924, as amended, to extend preferences within the quota to certain orphan children and refugee children of the countries of Poland, Czechoslovakia, and Finland, and for other purposes; to the Committee on Immigration and Naturalization.

By Mr. SNYDER:

H. R. 8503. A bill to provide for the location, survey, and building of a system of three transcontinental and six north-south highways; to the Committee on Roads.

By Mr. CANNON of Missouri:

H. J. Res. 459. Joint resolution making an additional appropriation for soil conservation and domestic allotment payments for the fiscal year ending June 30, 1940; to the Committee on Appropriations.

By Mr. JENSEN:

H. J. Res. 460. Joint resolution prohibiting the importation into the United States of certain cotton rugs; to the Committee on Ways and Means.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the Legislature of the State of California, memorializing the President and the Congress of the United States to consider their assembly joint resolution No. 9, with reference to steamship service between Pacific coast ports and the Panama Canal Zone; to the Committee on Merchant Marine and Fisheries.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BROWN of Georgia:

H. R. 8504. A bill for the relief of Dr. A. C. Wade; to the Committee on Claims.

By Mr. LANDIS:

H. R. 8505. A bill granting a pension to Jessie Myrtle Bennett; to the Committee on Invalid Pensions.

H. R. 8506. A bill granting a pension to Ella Tate; to the Committee on Invalid Pensions.

H. R. 8507. A bill granting a pension to Harry C. B. Frets; to the Committee on Invalid Pensions.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

6497. By Mr. CONNERY: Resolution of the Atlantic Deeper Waterways Association, favoring a preliminary examination and survey to be made by the Army engineers with a view to extending the Intracoastal Waterway north of Boston to Portland, Maine; to the Committee on Interstate and Foreign Commerce.

6498. By Mr. COLLINS: Concurrent resolution submitted by the Mississippi State Legislature, memorializing Congress to make available funds for rural housing; to the Committee on Banking and Currency.

6499. By Mr. DICKSTEIN: Resolution for late Senator William E. Borah; to the Committee on Memorials.

6500. By Mr. HART: Petition of the United Polish Societies of Irvington, N. J., requesting the President of the United States to use his good offices with the Governments of the Union of Soviet Socialist Republics and of Germany, to open channels for outside relief of food, clothing, and medicine for the distressed population of all creeds and races in the occupied areas of Poland; to the Committee on Foreign Affairs.

6501. Also, petition of the National Maritime Union of America, New York, N. Y., opposing the granting of loans or any other material form of aid to Finland or any warring European nation, and condemning the present war emergency budget; to the Committee on Foreign Affairs.

6502. Also, petition of the National Maritime Union of America, New York, N. Y., opposing the involvement of the United States in war, and opposing the further transfer or sale of American ships to foreign governments; to the Committee on Merchant Marine and Fisheries.

6503. Also, petition of the National Maritime Union of America, New York, N. Y., demanding that the Dies committee be scrupulous to conduct its inquiry on a fair basis; and that no crippling amendments or changes be effected impairing the structure of the National Labor Relations Board or the Wagner Act; to the Committee on Labor.

6504. Also, petition of the New Jersey Society of the Sons of the American Revolution, Newark, N. J., unalterably opposing Senate bill 1650; to the Committee on Military Affairs.

6505. By Mr. JOHNS: Petition of A. J. Woerful and 40 others, of Door County, Wis., requesting support of House bill 1, known as the Federal chain-store tax bill; to the Committee on Ways and Means.

6506. By Mr. KEOGH: Petition of William H. Hubbel Camp, No. 4, United Spanish War Veterans, Brooklyn, N. Y., favoring sugar legislation that will protect the jobs of the Brooklyn, N. Y., sugar-refinery workers; to the Committee on Foreign Affairs.

6507. Also, petition of the Greenpoint Peoples Regular Democratic Club, Brooklyn, N. Y., favoring sugar legislation that will protect the jobs of the Brooklyn, N. Y., sugar-refinery workers; to the Committee on Foreign Affairs.

6508. By Mr. LESINSKI: Petition of the workers of the sewing project of the Work Projects Administration at Dearborn, Mich., protesting against the consecutive 18 months' lay-off; to the Committee on Appropriations.

6509. Also, petition of Edgar Brogan and other residents of Ecorse, Mich., urging the enactment of House bill 1, the Patman chain-store bill; to the Committee on Ways and Means.

HOUSE OF REPRESENTATIVES

FRIDAY, FEBRUARY 16, 1940

The House met at 11 o'clock a. m. and was called to order by the Speaker pro tempore, Mr. RAYBURN.

Rev. J. Luther Neff, pastor of the Wesley Methodist Church, Washington, D. C., offered the following prayer:

O God and Spirit Father of mankind, in humility and conscious dependence we bow our spirits before Thee this day. Somehow we do believe that Thou canst help us at the point of our deepest need, doing more abundantly for us than we could possibly ask or think. Therefore in this brief moment of quietness may our inner, better selves give eager welcome to Thy presence. Free us, now, from servitude to selfishness, disobedience, and sin. Challenge us to a deeper faith in Thy power, a more complete trust in Thy love and mercy, and an ever-enlarging service to a terribly needy world. Through our more perfect surrender to the call of Thy spirit, may the glorious freedom of Thy truth become our prized possession; may the sense of spiritual power become our chief reassurance in facing life and responsibility; and may our inner integrity be our highest commendation before men. These things we ask in Christ's name, in whom and through whom Thy nature and purposes stand revealed. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Frazier, its legislative clerk, announced that the Senate had passed, with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H. R. 8068. An act making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1941, and for other purposes.

The message also announced that the Senate insists upon its amendments to the foregoing bill, requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. GLASS, Mr. McKELLAR, Mr. TYDINGS, Mr. McCARRAN, Mr. BAILEY, Mr. BRIDGES, and Mr. LODGE to be the conferees on the part of the Senate.

The message also announced that the Senate had passed a concurrent resolution of the following title, in which the concurrence of the House is requested:

S. Con. Res. 38. Concurrent resolution authorizing the printing of additional copies of Senate Report No. 1182, entitled "Investigation of Railroads, Holding Companies, and Affiliated Companies."

The message also announced that the Senate had passed without amendment a joint resolution of the House of the following title:

H. J. Res. 456. Joint resolution making available for the fiscal year 1940 an additional amount from the special funds heretofore set up for the payment of compensation benefits authorized by certain emergency relief appropriation acts.

FRANCES E. WILLARD

Mr. PLUMLEY. Mr. Speaker, I ask unanimous consent to proceed for 1 minute to make an announcement.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Vermont?

There was no objection.

Mr. PLUMLEY. Mr. Speaker, I have been asked to announce that exercises will be held in Statuary Hall tomorrow, Saturday, at noon under the auspices of the Frances E. Willard Centennial Total Abstinence Society.

EXTENSION OF REMARKS

Mr. ANDERSON of Missouri asked and was given permission to revise and extend his remarks in the RECORD.

PERMISSION TO ADDRESS THE HOUSE

Mr. DITTER. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. DITTER. Mr. Speaker, we have before us today the appropriation bill for the Naval Establishment. The committee have considered with care the estimates and suggestions as they came from the Naval Establishment. I believe the bill merits the support of the entire membership of the House, and I trust that the recommendations of the bill, during the course of its consideration this afternoon, will be approved by this body.

The request of the Navy Department for an appropriation of \$954,540,000 for the fiscal year 1940 is a phenomenal peacetime occurrence. This is more money than the Navy spent in any year of its history except during the World War. The appropriations for the Navy under the New Deal have risen from \$267,000,000 in 1934 to the present request of \$954,540,000 for 1941. Thus, it is apparent that funds requested by the Navy for expenditures have almost tripled during 7 years. In 1934 there were only about 90,000 officers and enlisted men in the Navy. Now we are requested to appropriate funds for a navy of a total force of 145,000 men—an increase of over 50 percent. The Marine Corps is to be increased from 16,000 in 1934 to 25,000 for 1941—again an increase of 50 percent.

To persons who are used to dealing in terms of billions of dollars I suppose that these figures of expenditures for the Navy do not bulk very large. Of course, even with these